



LOCAL BARGAINING IN INDUSTRIAL  
RELATIONS WITH SPECIAL REFERENCE  
TO SOUTH AFRICA

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## DECLARATION

I the undersigned hereby declare that the work contained in this dissertation is my own original work and has not previously in its entirety or in part been submitted at any university for a degree.

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## SUMMARY

This analysis of local bargaining is primarily theoretical and conceptual in nature and done in four main parts. The first part deals with different theoretical perspectives on industrial relations and the role each perspective assigns to collective bargaining and trade unions. The nature and various elements of collective bargaining are explored in more detail in order to arrive at a definition of local bargaining.

In Part Two, the structures through which local bargaining has historically been conducted in South African industrial relations are discussed. This is done against the backdrop of an analysis of local bargaining as it has evolved in the industrial relations systems of the following countries: Great Britain, Japan, West Germany and the United States of America. Tendencies towards more decentralised bargaining are also identified in those countries hitherto known for their highly centralised bargaining structures.

In Part Three, the factors underlying the development and establishment of local bargaining within the South African industrial relations context are explored. The role of macro-economic factors, government policy and labour legislation is analysed within the context of the history of labour unions, employer organisations and bargaining patterns. It is argued that the link between these socio-political and economic factors and the establishment of local bargaining is not necessarily simple and direct but that these factors more often relate to local bargaining via the intervening variables of the attitudes and power of bargaining parties conditioned by perceptions of vested interests. In addition to the abovementioned environmental considerations, the conditions pertaining to a specific enterprise, plant or shopfloor situation and the manner in which these factors relate to the establishment of local

bargaining are analysed. These variables include labour power, labour organisation, leadership, management attitude and policy as well as management structure.

In Part Four, the most important implications of local bargaining for the power relationship between employers/management and workers are assessed. These are seen to be the challenge that local bargaining represents for so-called managerial rights and prerogatives and the extent to which it presents workers with a means to participate in management decision-making and to gain some measure of control over their work lives. In all of this, the Industrial Court is seen to play a crucial role in the context of local bargaining being conducted between especially black workers and employers/management within South African establishments.

In conclusion, the extent to which the establishment and extension of local bargaining in South African industrial relations corresponds with trends elsewhere while retaining its unique character and role, is assessed.



## OPSOMMING

Die tema van plaaslike bedinging word in hoofsaak in teoretiese en konseptuele terme aangespreek en die bespreking daarvan word in vier breë afdelings ingeklee. In Deel Een word die belangrikste teoretiese perspektiewe op arbeidsverhoudinge gestel asook die rol van vakunies en kollektiewe bedinging vanuit elkeen van hierdie perspektiewe. Hierdie uiteensetting word gevolg deur 'n ontleding van die verskillende elemente van kollektiewe bedinging waarna tot 'n eie definisie van plaaslike bedinging geraak word.

Deel Twee handel oor die aard van die strukture in terme waarvan plaaslike bedinging histories binne die Suid-Afrikaanse arbeidsbestel plaasgevind het. Hierdie ontleding vind plaas teen die agtergrond van 'n bespreking van die ontwikkeling van plaaslike bedinging binne die arbeidsbestel van Groot Brittanje, Japan, Wes Duitsland en die Verenigde State van Amerika. Die neiging tot toenemende gedesentraliseerde bedinging in lande tradisioneel gekenmerk deur hoogs gesentraliseerde bedingingstrukture, word geïdentifiseer.

In Deel Drie word die faktore wat ten grondslag lê van die ontwikkeling en vestiging van plaaslike bedinging binne die Suid-Afrikaanse arbeidsbestel bespreek. Die rol van makro-ekonomiese faktore, die staat en veral statutêre ontwikkeling word uitgespel binne die konteks van die historiese ontwikkeling van vakunies, werkgewersorganisasies en bedingingstrukture. Daar word geargumenteer dat die verband tussen ekonomiese en sosio-politieke faktore en die vestiging van plaaslike bedinging nie noodwendig eenvoudig en oorsaaklik is nie maar eerder gemedieer word deur tussenkomende veranderlikes nl. die houding en mag van die onderskeie bedingingspartye soos gestruktureer deur persepsies van gevestigde belange. Die vestiging van

plaaslike bedinging hou ook verband met veranderlikes binne die konteks van 'n bepaalde onderneming of fabrieksvloeropset. Voorbeelde van sodanige veranderlikes is leierskap, bestuursreaksie en -strukture, arbeidsorganisasie en die relatiewe mag van die werkers.

In Deel Vier word die belangrikste konsekwensies van plaaslike bedinging vir die magsverhouding tussen werkgewers en werknemers uitgespel. Die gevolgtrekking waartoe gekom word is dat plaaslike bedinging 'n uitdaging vir bestuur se regte en prerogatiwe inhou en 'n meganisme aan werkers bied vir deelname aan besluitnemingsprosesse en die verkryging van 'n mate van kontrole oor hul werksituasie. Die sentrale rol van die Nywerheidshof binne die konteks van plaaslike bedinging tussen veral swart werkers en werkgewers/bestuur binne Suid-Afrikaanse ondernemings word beklemtoon.

Ten slotte word daar aangetoon dat bedinging op plaaslike vlak enersyds vry algemeen besig is om 'n belangrike plek in te neem, en andersyds word die besondere patroon wat in die RSA ontwikkel het - en tans nog ontwikkel - uitgespel.

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## INTRODUCTION

Local bargaining (also domestic or work place bargaining) has come to play an increasingly significant role in South African industrial relations over the past ten to fifteen years. This study has been motivated primarily by a whole range of questions arising from this fact and from the need to find possible answers to them.

Examples of questions that have arisen are the following: what is the nature of local bargaining in the South African context and how has it evolved over time? More to the point - which structures function as mechanisms or vehicles for conducting bargaining between employer/management and employees/labour within an establishment or work organisation? To what extent have such structures been modified and transformed over time?

Given the existence of local bargaining, important questions arise as to the dynamics underlying the development and establishment of such bargaining resulting in the latter occupying a relative prominent - if not predominant - position within the total bargaining arrangements of South African industrial relations. Can one actually account for the development of local bargaining or can one merely try and identify variables that seem to relate to such development? Are these variables located within the structure of society or are some of these variables located within the parameters of the establishment itself?

Once local bargaining becomes an established feature of the existing bargaining structure, what are the consequences for the parties participating in such bargaining - especially the power relations between them?

Finally, to what extent does local bargaining in the South African industrial relations context correspond with or

differ from local bargaining as it is being conducted in other countries characterised by market-type economies? More specifically - how does local bargaining in South African industrial relations compare with local bargaining being conducted elsewhere in terms of its nature, the structures and mechanisms through which such bargaining is conducted as well as the variables underlying its development and/or establishment? While each country's bargaining structure remains, in a sense, unique in that each country tends to evolve its 'own style of collective bargaining, reflecting its particular values and cultural characteristics' (Córdova 1978), it remains sociologically meaningful to identify corresponding trends between countries' bargaining arrangements.

This analysis of local bargaining is primarily conceptual and theoretical in nature and done in four main parts: Part One deals with relevant theoretical considerations. In Chapter 1, the role assigned to collective bargaining - and thus local bargaining - in different theoretical perspectives on industrial relations, is presented. A discussion of industrial relations perspectives is relevant for theoretical perspectives and assumptions structure bargaining parties' attitudes towards and interpretations of bargaining activities and work relations. It similarly structures the ideas of those who determine government policy and labour legislation.

The notion of bargaining being conducted between parties within the boundaries of a particular establishment and geared to the specific conditions pertaining to such an establishment, is implicit in a wide range of terms being applied in industrial relations literature. These terms are very seldom clearly defined leaving the reader somewhat confused as to their precise meaning. Thus, an analysis of so-called 'local bargaining' necessitates a clear understanding of its meaning. In Chapter 2, the nature and various aspects of collective bargaining are explored and a definition of local bargaining is presented.

The nature of local bargaining and the mechanisms through which such bargaining is conducted, are dealt with in Part Two. An overview of the nature of local bargaining in a few selected countries is presented in Chapter 3, followed by a discussion in Chapter 4, of the nature of local bargaining within South African industrial relations and the manner in which it has evolved over time.

In Part Three, an attempt is made to partly account for the development and establishment of local bargaining as a relative important feature of South Africa's bargaining arrangements. Variables which seem to relate to such a development are identified. They are then analysed against the historical development of unions, employer organisations and bargaining patterns set out in Chapter 5. While Chapters 6 and 7 deal with macro-economic factors, government policies and labour legislation, variables relating to the circumstances existing within particular establishments and work organisations, are outlined in Chapter 8. The analysis of variables underlying the development and/or establishment of local bargaining in South African industrial relations, takes place against the backdrop of the role that these variables have come to play in the development and/or establishment of local bargaining in other societal contexts.

Finally, in Part Four, the consequences of local bargaining for the power relations between employer/management and employees/labour are dealt with. While Chapter 9 concerns the implications of local bargaining for management's rights and prerogatives, the consequences of local bargaining for workers and unions are set out in Chapter 10.

## PART ONE

### THEORETICAL AND CONCEPTUAL CONSIDERATIONS

While collective bargaining is an accepted and institutionalised feature of the industrial relations systems of most Western industrial societies today, there remain markedly different interpretations as to its nature and ultimate role. The different meanings and roles ascribed to collective bargaining are related to different perceptions of the nature of the employment relationship, the relationship between capital and labour and, ultimately, the nature of society - notably that of capitalist societies. Perceptions of collective bargaining are thus grounded in perceptions of societies as either being essentially conflict ridden or characterised by order. The different views on industrial relations constituting different perspectives, or frame of references, need then to be explored in an analysis of the role of collective bargaining at the so-called local level.

But, an analysis of local bargaining in terms of its nature, development and consequences for employers, management and unions also necessitates and presupposes, a clear understanding of what exactly is meant by local bargaining. Presenting a working definition therefore requires a more substantive analysis of collective bargaining and elements or dimensions of bargaining structures.

## CHAPTER 1

### COLLECTIVE BARGAINING AND INDUSTRIAL RELATIONS PERSPECTIVES

#### 1.1 Introduction

Perspectives or frames of references relate to the way the empirical world is perceived or viewed by people. There is thus a marked difference in the way people think about social and other questions depending on their basic values and value orientations (Goodman 1984). These values and beliefs determine what a person selects and how he/she constructs reality in a meaningful way and consequently how he/she will theorise on certain phenomena.

This is true also of industrial and employment relations. Put differently, the question to be asked is: what are the basic assumptions underlying theorising on employment and industrial relations? Perspectives on industrial relations are of particular importance given the practical consequences of a particular 'view'. Bluen (1983:442) employs the term ideologies when he states:

Thus by examining ideology, a greater insight into the dynamics of the subject can be gained. The way we view the various aspects of industrial relations will influence our approach to it.

The various perspectives or frames of references have been extensively documented by writers on industrial or labour relations and the aim of this section is to present a broad overview of the literature in order to ascertain the role of collective bargaining within each of these perspectives. In other words, to what extent do these perspectives accommodate the phenomenon of collective bargaining and how is it being done?

The perspectives to be discussed are the unitary, liberal-pluralist and radical (also termed radical critique of pluralism). A. Fox (1966) made an important contribution in identifying and demystifying the unitary and pluralist ideological assumptions influencing managerial thinking about the nature of industrial organisations and social relations within it. In his later publications (1973;1974), Fox puts forward a radical critique of pluralist assumptions.

## 1.2 Unitary perspective

### 1.2.1 basic assumptions underlying the unitary perspective

According to Fox (1966), this perspective is based on the assumption that the broader society as well as industrial organisations are characterised by harmony and consensus with regard to interests, aims and objectives. Given the focus on consensus, the unitary perspective is, in the view of many writers, strongly associated with Parsonian systems theory (Maree 1984b; Jackson 1977; Farnham & Pimlott 1983; Hyman 1978). The industrial organisation adopting such a frame of reference, is analogous to a healthy functioning sports-team with one source of authority and loyalty. Members of the organisation are to share common goals, all working towards shared organisational objectives. In order for the organisation to be successful, it requires, as in the case of a sports-team, effective leadership to ensure coordination and commitment to stated goals.

Organisations are thus perceived to be integrated, harmonious wholes. From this follows the view that there is no inherent conflict between the two main parties i.e. employers and employees or between management and labour 'the two being complementary partners in production from which flows the income of the organisation and on which both rely for their financial rewards' (Goodman 1984:61). To the

extent that conflict does occur, it is seen as pathological and due to incompatible personalities, misunderstandings due to faulty communication, stupidity on the part of employees to grasp common interests and/or the activities of agitators inciting the majority to discontent (Fox 1966).

Within this perspective, the presence of trade unions in the work place as well as collective bargaining is seen as an intrusion into what should be a private, unified structure. Unions are seen to compete illegitimately for control over, and loyalty of the employees (Fox 1966).

What is especially resented by management, in Fox's view, is the horizontal links between the employees of a particular organisation with employees of other establishments because this would intrude into the 'affairs' of the company. Furthermore, unions and collective bargaining encourage distrust and should thus be avoided. Indications of the functioning of these ideological assumptions are, for example, abrupt refusal by management to negotiate, sudden assertions of managerial prerogative and moral outbursts against union or shopfloor claims.

#### 1.2.2 trade unions and collective bargaining

Given that trade unions and collective bargaining as institutions are very much part of the present industrial relations scene world-wide, the very fact of their existence has to be explained by the unitary perspective. This is done by viewing these institutions as 'historical carryovers' from previous stages of 'unenlightened' management, as instruments for undermining the existing order or a function of particular sectional interest groups within industry.

The unitary perspective is for obvious reasons very much a management oriented one and in a recent article, Roux van der Merwe (1985) argues that given the focus upon



orderliness, this perspective may be expected to appeal to many managers. It may of course also be supported by workers at various levels (Goodman 1984).

Whether this perspective represents the way things are is of course highly unlikely. Rather, one has to see it as a description of how things ought to be. With regard to future trends, Van der Merwe argues (predicts?) that given the world-wide decrease in the proportion of workers belonging to trade unions (due to high rates of unemployment and a decrease in blue-collar occupations), unions will be more vulnerable to unitary based management strategies in the future. He lists two possible management strategies, the first being what he terms, the authoritarian version of the unitary framework leading ultimately to 'union bashing'. According to this scenario, management claims the position of ultimate authority in a labour market characterised by low levels of employment.

The second strategy refers to management co-opting the role of labour unions by fostering loyalty of employees by the 'humanisation of work' (Hill 1974). Much of the work of E. Mayo and the human relations school rests on this particular scenario with a focus on the creation of favourable human relations in industry. Examples would be sophisticated personnel and labour relations practices, high wages, favourable conditions and fringe benefits, the focus on health and safety in the work place, grievance procedure etc. (Goodman 1984).

Whether the above measures really reflect a shift away from the unitary perspective, is questioned by various observers for example Hill (1983), Kochan (1980) and Fox (1974). It is argued that management, in the final analysis, occupies the position of authority and that the above measures (or style of management) should be interpreted as merely cosmetic in nature and camouflaging the authoritarian nature of management. The following quote from Hill (1983:84) is representative of this view:

But so long as managers are under pressure to promote the economic interests of the board and their own positions and interests remain distinct from those of their employees, there is no reason to suggest any change in the relationship between management and labour

There are those who are of the opinion that the ability of management to maintain this strategy has been in steady decline over a long period in Western societies (Fox 1974). The main reason for this being that subordinates or labour are increasingly becoming aware of their goals being different or separate from those of management. Factors relating to this trend are, for example, rising expectations of labour within societies, growing perceptions of injustice and double standards, weakening legitimization of traditional expectations and so on.

### 1.3 Liberal-pluralist perspective

By the 1930's many enterprises in Western societies had increased tremendously in size and complexity. This resulted in an increased awareness by management of the need for more sophisticated labour relations practices. By this time too, the organisation of labour in formal labour unions was very much part of the industrial relations scene. Given this, management increasingly began to think of having labour as a partner rather than a competitor. This attitude is reflected in the following quote:

A cooperative workforce was preferable to one that was not cooperative and the way to treat the workforce in order that it might cooperate was to be prepared to respect its rights as it saw them and negotiate with its legitimate independent representatives (Charles 1973 as quoted by Fox 1974:256).

It is against the backdrop of these developments that industrial relations pluralism has to be interpreted.

Different varieties of emphasis exist within the mainstream of liberal pluralism. Furthermore, the literature on pluralism abounds in different interpretations and versions of the term itself (Hyman 1978; Jackson 1977) all of which have implications for identifying a singular pluralist industrial relations perspective. At the very best, one can try to characterise industrial relations pluralism by identifying its basic, underlying assumptions.

#### 1.3.1 assumptions underlying industrial relations pluralism

The pluralist perspective on industrial relations is an extension of the so-called pluralist view of contemporary capitalist society. This view is based on the premise that society contains various interest groups, social groups or pressure groups, each having its own distinctive values, interests and beliefs. Each group is a coalition of individuals sharing similar aspirations and perceptions. Potential conflict between these groups leads to the development of certain structures which are to regulate and control these diverse interests and conflict and which have, as a consequence, a relative stable system.

Applied to the sphere of industrial relations, this view implies that various groupings can be identified e.g. management, employees, consumers, government etc. of which management and labour are the most important. We have to see the organisation or enterprise as a 'plural society containing many related but separate interests and objectives which must be maintained in some kind of equilibrium' (Ross 1958 as quoted by Fox 1966:4).

Given the assertion of diverse interests and values, conflict is seen to be inherent in any system of industrial relations. This does not have to result in a complete breakdown of industrial relations but rather, the parties

involved are seen to be mutually dependent and may be said to have a common interest in the survival of the whole of which they are parts (Fox 1966). On the regulation of conflict, Goodman (1984:65) asserts that '... it is only by acknowledging the plural nature of work organisations (or societies) that manifestations of conflict can be regulated and organisations function effectively.' It is believed by proponents of the pluralist perspective that in the event of denying or suppressing the expression of such conflict, it can erupt in a more violent manner. Conflict must be resolved in a constructive and responsible way.

This perspective, by allowing the orderly expression of conflict, allows for change, adaptation and adjustment within labour relations. As noted above, it is assumed that certain structures and processes develop whereby manifestations of conflict can be articulated and regulated. Within the sphere of industrial relations, the structures and processes seen to function in this way are trade unions and collective bargaining.

### 1.3.2 role of trade unions and collective bargaining

Trade unions are seen as legitimate representatives of the interests of employees to challenge and constrain management's prerogatives. After having identified 'market relations' as an important aspect of employer-employee relationships (terms and conditions on which labour is hired and therefore economic in character), Fox (1966:7) argues as follows:

The legitimacy and justification of trade unions in our society rests not upon their protective function in the labour markets or upon their success, real or supposed, in raising the share enjoyed by their members, but on social values which recognise the rights of interest groups to combine and have an effective voice in their own destiny. This means having a voice in decision-making.

The above leads him to ascribe to trade unions the role of regulating 'managerial relations' i.e. 'the exercise of management authority in deploying, organising and disciplining the labour force after it has been hired'. By means of collective bargaining, employees, organised in unions, can challenge management prerogatives regarding wages and representing members' interests in grievance, disciplinary and dispute procedures - prerogatives which are seen as unchallengeable by the unitary school. Intergroup conflict in industry is seen, not only as legitimate, but as institutionalised through collective bargaining.

Various writers have pointed to the increasing 'moderation' of conflict within industry over time contributing this trend to the so-called 'institutionalisation of conflict'. This term describes 'the development of institutions that arise out of conflict, providing the means to regulate it without further recourse to violence or coercion' (Hill 1983:124). The emergence of trade unionism, employers organisations, collective bargaining, shop steward operations at plant level, mediation, and arbitration are all seen as mechanisms whereby conflict is regulated and controlled. Collective bargaining represents the means of achieving a compromise between the parties and establishing rules. When conflict is interpreted as uncontrollable, the ground rules are seen to be in need of change i.e. adjustments are required.

Fox (1971) correctly points out that countries differ markedly in the extent to which the state imposes some legal regulation upon this process. Many pluralist writers, notably from Britain, argue for a voluntary system whereby the state is seen to play a neutral or marginal role in the industrial relations sphere. The state is seen as not actively taking sides in disputes between management and labour. The function of the state is to protect all parties, the weak/powerless as well as the strong. It pursues a neutral and mediating role in instances of conflict. In the

final analysis, the state must protect and guarantee, what has been termed, 'public' or 'national' interest. The latter is seen to exist over and above the interests of the various sectional groups in industry.

In order for collective bargaining to be at least partly successful, it is essential that the parties be committed to the survival of the system and adhere to the rules established by the process of collective bargaining. Charles (1973), as quoted by Fox (1974:265), makes this point:

On the basis of a shared confidence that they both subscribe to this philosophy of mutual survival, the parties are able to operate procedures of negotiations and dispute settlements characterised by a consensus code of ethics and conduct. This includes the principle that, provided certain jointly agreed processes of consultation and participation in decision-making are followed, culminating in freely, equitable, and honourably negotiated agreements, the participant groups must regard themselves as morally committed to observing the terms of the resulting decisions.

### 1.3.3 power balance between parties

An important aspect of the regulation and controlling of conflict relates to the balance of power presumed to exist between the relevant parties. For the resolution of conflict via collective bargaining, there must 'exist between the parties something approximating to a balance of power' (Fox 1974:265). In the absence of such a balance, one party's interest would dominate any agreement between them leading to bargaining under duress. In the event of one party being coerced by the other, the weaker one would be under no moral obligation to observe the resulting agreement. As will be seen, this particular assumption has come under considerable scrutiny by radical critics.

Although conflict is seen by pluralists as being inherent in industrial relations, the conflict that does occur is seen

to be over less important and marginal issues. Conflict therefore, does not threaten the existing, basic relationship between management and labour. This follows from the abovementioned, assumed consensus relationship between the two parties regarding the survival of the system and the rules established by collective bargaining. The two parties are aware of their mutual dependence in the process of survival.

#### 1.3.4 A. Flanders' view of collective bargaining

The pluralist frame of reference, with its emphasis on collective bargaining as a conflict-resolving and rule-making process in industrial relations, has been very prominent in Britain since the early 1960's. It was strongly associated with a small group of academics at the Oxford University and their views had a critical impact on the findings and recommendations of the Donovan Commission between 1965-1968. The final report of this Commission is generally seen to have had a marked influence on industrial relations thinking, especially in Britain. Academics like A. Flanders, H. Clegg and A. Fox provided the theoretical basis for the abovementioned recommendations. While there is no single Oxford approach, their work all adhere to a pluralist ideology.

In the paragraphs that follow, it is especially the work of Flanders that will be discussed - albeit in a rather sketchy way. This is done in order to illustrate the way collective bargaining is accommodated in a theoretical approach based on essentially pluralist assumptions. Collective bargaining is viewed by all subscribers of the Oxford School as the best form of reaching consensus about rules governing the work place and the relations within it.

A. Flanders and A. Fox (his earlier work) are generally seen as the two most prominent exponents of the Oxford School. As



Maree (1984b) points out in a recent article, two sociological traditions can be identified in the theoretical approaches of these two writers. On the one hand there is Durkheim's concepts of increasing labour specialisation and anomie and on the other, Parsonian systems theory as applied to industrial relations by Dunlop (1971). Both Fox and Flanders apply the idea of labour specialisation (leading to increasing interdependence) and anomie to explain and analyse what they view as shortcomings in collective bargaining in Britain in the 1960's. Following Durkheim, anomie is interpreted as postulating a state of normlessness due to the breakdown in social regulation. Because Flanders is generally seen as a recognised expert on collective bargaining, it is to his work that we now turn.

In order to understand Flanders' view of industrial relations and his interpretation of the role of collective bargaining in particular, the views and analysis of Dunlop is of special significance. Because of the extensive coverage that Dunlop's system has received in industrial relations literature, only a very brief summary will suffice here.

Dunlop's stated purpose is to present a general theory of industrial relations and ... 'to provide the tools of analysis to interpret and to gain understanding of the widest possible range of industrial relations, facts and practice' (1971:vii). Industrial relations constitutes, according to Dunlop, a separate and distinct subsystem of society. While it partially overlaps with other subsystems - notably the economic - it is not part of the economic subsystem. In Dunlop's view, an industrial relations system 'at any one time in its development is regarded as comprised of actors, certain contexts, an ideology which binds the industrial relations systems together, and a body of rules created to govern the actors at the workplace and work community' (Dunlop 1971:7). It is the network of rules which is the product or output of the system consisting of (i) procedures for establishing rules (ii) the substantive rules



themselves (on pay, working conditions, hours, etc.) and (iii) the procedure for deciding their application in particular situations.

According to Dunlop then, it is the establishment and administration of these rules that is the major concern of the industrial relations system of an industrial society. These rules are of various kinds. They may be written; oral or custom and practice and include collective agreements, managerial decisions, trade union rule books, arbitration awards, work place traditions, etc. They not only cover pay and employment conditions but also disciplinary matters i.e. methods of working rights and duties of the relevant parties etc.

The rules represent the dependent variable and has to be explained by the following independent variables: the actors, the contexts and the ideology of the system. Dunlop identifies three main groups of actors: a hierarchy of managers and their representatives; a hierarchy of employees and their spokesmen and specialised government agencies concerned with work place and work community (the state). These actors and their interaction are influenced by certain environmental factors in the wider society which has consequences for the rules that emerge.

The three environmental contexts are the following:

- (i) the technological characteristics of the work place and community
- (ii) market and budgetary constraints that impinge on the actors and
- (iii) the locus and distribution of power in the wider society.

These aspects of the environment can be expected to vary within and between companies, industries and countries. (Goodman 1984).

The final and most controversial element in the model is the ideology of the industrial relations system. The ideology is ... 'a body of common ideas that define the role and place of each actor and defines the ideas which each actor holds towards the place and function of others in the system. The ideology or philosophy of a stable system involves a congruence or compatibility among these views and the rest of the system' (Dunlop 1971:16-17). He argues that while each of the actors in the system might have his/her own ideology, it is necessary that these ideologies are sufficiently congruent to allow the emergence or development of a common set of ideas which recognise an acceptable role for each actor. Furthermore, this common ideology must be distinguished from the ideology of the larger society but it can be expected to be similar or at least compatible in the developed industrial society. Dunlop states that where there is no general consistency between the two ideologies, 'changes may be expected in the ideologies or in other facets of the industrial relations system' (1971:18).

As indicated above, Dunlop's model has elicited a wide range of comments. It has influenced the work of many writers, been severely criticised, been acclaimed by some and his ideas have been developed and refined by many. The main points of criticism have been the following:

By focusing on structural elements, behavioural variables have been neglected and the dynamics of the industrial relations system is not presented by the model. This relates to an accusation of conservatism - an accusation which also relates to the role of ideology in Dunlop's model. An ideology commonly shared by the various actors implies, according to some critics, a 'natural' stability of the system and the maintenance of a state of equilibrium. The so-called conservatism of his approach is also linked to the handling of conflict by Dunlop. By focusing on the formulation of rules, he is seen to have not addressed the causes or roots of conflict. While the resolution of

conflict (by establishing rules) is obviously important, the causes of these conflicts must be/need to be identified.

The way power is handled by Dunlop has also generated criticism. As power is located external to the system, the power relations between parties, especially management and workers, do not constitute part of the analysis.

An aspect of Dunlop's model which has led to a great deal of uncertainty amongst many, has been his neglect to come to an acceptable definition of certain key terms i.e. rules, ideology and system. It is especially his ambiguous usage of the concept system that has generated critical comment (Wood et al., 1975). In Bluen's (1983) view, Dunlop's interpretation of the term 'system' does not correspond exactly to that of Parsons from whom Dunlop derives the concept.

Despite the various criticisms, the model has been seen to have a number of strengths (Goodman 1984; Poole 1984(a); Blain & Gennard 1970; Bluen 1983; Wood et al. 1975). It identifies major variables which affect industrial relations and draws attention to the variety of rules, rule-making methods and contexts which can be useful in understanding industrial relations practice. The system model makes it possible to examine industrial relations at various levels. Quoting from Poole (1984a:20):

The novel elements of Dunlop's paradigm comprised mainly the comprehensive range of factors identified, the synthesis of propositions and schemes of thought which had far earlier origins and the adaptation of ideas of the principal analytical sociologist of the post-war period, Talcott Parsons to the study of labour relations.

In reaction to the criticism regarding the neglect of sources of conflict and 'conservatism' of Dunlop's model, Wood et al. (1975) argue that conflict is taken as 'given' in Dunlop's and Parsons' systems models. Both propose a framework which tries to explain how conflict is regulated

in order to create a state of order rather than explaining the sources of this conflict.

There have been numerous efforts to develop and adapt Dunlop's systems model in order to refine it (Wood et al. 1975; Eldrige 1971) of which Wood et al. is of particular importance. In conclusion, Dunlop's model is seen by many (Jackson 1977; Wood et al. 1975) as offering academic respectability to the study of industrial relations.

Following Dunlop, Flanders conceptualises the system of industrial relations as a system of rules. According to Blain and Gennard (1970), while both approaches stress the importance of rules, there is a difference in emphasis. Whereas the systems model examines the sociological, economic and ideological influences on rule determination, Flanders' Oxford approach focuses on the institutions responsible for the process of rule-making (a political variable). Seeing that both the systems and Oxford approach stress stability and consistency, it is argued by some writers, notably Bluen (1983), that Flanders' approach may be viewed as a variation of the systems approach.

The focus on 'institutions' follows from the pluralist assumption discussed earlier in this section whereby collective bargaining is viewed as the most important institution responsible for rule-making. In the work of Flanders, collective bargaining thus occupies a central position in industrial relations and must be examined in more detail.

Following Flanders (1970:86), 'the study of industrial relations may be described as the study of the institutions of job regulation'. The latter is seen to refer to the making and administering of any rules which regulate employment relationships. In Flanders' view, industrial relations deals only with institutional arrangements and unstructured relations fall outside the scope of industrial

relations. Therefore, only employment relations are relevant.

Two kinds of rules are identified i.e. procedural and substantive - a distinction already noted. The first regulates the behaviour of the parties to collective agreement and those who act on their behalf. The second type regulates the behaviour of the parties as parties to individual contracts of employment. It is the substantive rules of collective bargaining that regulate jobs. Since the procedural rules of collective bargaining regulate the making, interpretation and enforcement of its substantive rules, they provide for Flanders this particular institution of job regulation with its form and constitution (Flanders 1970). While different kinds of rules can be made in various ways - a point made by Dunlop - the most important or predominant method in most democratic countries is that of collective bargaining. Referring to Britain in particular, Flanders states:

The first leading principle is one that our traditional system shares with many other national systems of advanced industrial countries which are pluralistic societies. A priority is accorded to collective bargaining over other methods of external job regulation (1970:94).

Collective bargaining is thus seen as a form of industrial democracy whereby 'trade unions and employers or their associations act as joint authors of rules made to regulate employment, contracts and, incidentally, their own relations' (Flanders 1970:94).

Given that rules and regulations are formulated jointly by means of collective bargaining, he is of the opinion that the parties involved will accept and observe these rules to a greater extent than in cases where joint decision-making is absent. One could also expect these rules to be modified and adapted on a continuous basis. This of course will depend on the level on which collective bargaining takes place.

If rules and regulations are viewed as the 'output' of the system, what constitutes the input? The answer to this lies in the conflict between the various parties. Following the industrial pluralist's arguments, management and employees are seen as opposing interest groups which could lead to conflict. Because of mutual interests at stake, the parties compromise on their differences to reach an acceptable agreement. Collective bargaining provides the social process whereby compromises and concessions can be made. Conflict represents the "input" and is converted into rules. This process takes place in a context of continuous relationships. In cases where consensus cannot be reached, other processes come to the fore e.g. mediation and arbitration. If these steps fail, the parties move on to some form of industrial action e.g. a strike or a lock-out. In contrast to the unitary approach, Flanders views these actions as part of the ongoing collective bargaining process. In terms of this analysis, there is thus always the possibility of the relationship being terminated.

As in the case of Dunlop, Flanders' work has also come under scrutiny by critics and as can be expected, many of the criticisms coincide with those raised against Dunlop's system model (Blain & Gennard 1970; Hyman 1975 & 1981; Hyman & Brough 1975; Jackson 1977; Fox 1974). Flanders has been criticised for focusing primarily on the process of conflict regulation and resolution assuming a state of stability and order within industrial relations thereby neglecting the analysis of the sources of conflict, not sufficiently taking behavioural variables into account, neglecting the dynamics of systems and viewing collective bargaining as essentially a political process. His framework has been criticised for being too restrictive (even more so than that of Dunlop) and given a somewhat crude input/output system, it does not allow for the formulation of hypotheses that could be subjected to verification.

Blain and Gennard (1970) for instance, argue that relevant variables like status, technology and ideology are absent in Flanders' analysis. Others (Fox 1975) have argued that the importance of the economic function of collective bargaining has been played down by Flanders. The process of collective bargaining has been greatly simplified as a process by the Oxford approach according to some critics. This oversimplification also applies to the role of trade unions within Flanders' approach. The control by trade unions of management prerogatives (what Fox calls managerial relations), is but one function of trade unions. This challenge has come mainly from some followers of the radical perspective who argue that unions within a capitalist society also challenge the basic class structure of these societies. This point will be taken up again in the following subsection on the so-called radical perspective on industrial relations.

#### 1.4 Radical perspective/radical critique of pluralism

Of the various types of radical ideology, 'by far the most important alternative to the pluralist-democratic view of power remains the Marxist one' (Miliband quoted by Fox 1974:274). It is generally recognised that Marx himself did not explicitly develop a theory of industrial relations but Marxian analysis of class society has been applied to the area of industrial relations. As noted by Goodman (1984), Marxism has been interpreted by different groups in a variety of ways. Common to all these interpretations however, is the analysis of capitalist societies as essentially class societies. At the risk of overstating the obvious and/or oversimplifying Marxist's theorising, the following points can be made:



#### 1.4.1 assumptions underlying Marxist approach

The main assumptions underlying Marxists' analyses are that social change is universal in societies and the source of this change is class conflict. Within a capitalist society the class conflict is that between the owners and controllers of the means of production on the one hand and those with no means of production of their own. The wage labourer sells his/her labour power to the employer in order to survive and make a living.

The accumulation of 'surplus value' by the capitalist is based on the exploitation of the wage labourer and the resulting difference in the economic power between the two classes is reflected in the structures and institutions, for instance industrial relations, of the wider society. In the process of exploiting the wage labourer, the latter develops a state of alienation which leads ultimately to the development of a working-class consciousness and the resulting overthrow or breakdown of the capitalist society. This will be followed by a stage in the evolution of societies i.e. a society without class distinctions.

The conflict in industrial or employment relations between the sellers and buyers of labour power is seen to be merely a reflection of the class relations in the wider society and is regarded as part of the class war between capital and labour. The following quotation is representative of this argument:

Thus the conflict that takes place in industrial relations between those who buy labour and those that sell it, is seen as a permanent feature of capitalism which merely reflects the predominant power base of the bourgeoisie and the class relations of capitalist society generally (Farnham & Pimlott 1983:63).

Within the Marxian perspective, conflict is thus viewed as endemic to the capitalist society and to industrial relations within these societies.



#### 1.4.2 role of trade unions and collective bargaining

Within this context, what role is assigned to trade unions? In general, it is regarded as defending the interests of the working class and seeking to limit or at least control the exploitation by the capital-owning class. Unions are part of the working class struggle against the capitalist system and is not merely an industrial relations phenomenon. Workers must try and replace the system by workers' control of the state as well as industry.

Thus to Marxists, industrial relations is essentially politicized and is part of the class struggle. It becomes overtly political when either class seeks to influence the state to intervene on its behalf. It becomes potentially revolutionary when working class organizations, including trade unions seek to abolish the power of the capitalist class and to establish a socialist society (Farnham & Pimlott 1983:64).

At this point, Marxists seem to differ on the exact political and economic role unions are seen to play as well as the amount of success they are seen to have had in this respect. Especially the 'political' role has been met by pessimism - a point to be taken up again.

Whether the radical/Marxian perspective constitutes a frame of reference in its own right, has been debated by various writers. Bluen (1983) for example, argues that the radical perspective is in fact a critique of the pluralist ideology and as such does not constitute a frame of reference in the same sense as the others do. If this argument is even partially accepted, then it follows that the criticisms levelled against especially pluralism, is of relevance for an understanding of the so-called radical approach. Of interest is the fact that Fox (1974), after 'demystifying' industrial relations ideologies, notably the unitary and pluralist perspectives, sets out to criticise pluralism from what he terms a 'more radical perspective'. Many of these criticisms have also been taken up by Hyman (1975; 1978; 1981); Hyman and Brough (1975); Hill (1983) and others.

What is insightful, is that following an analysis of Fox's more recent works (1973;1974), Wood and Elliot (1977) as well as Clegg (1975) conclude that while he develops his critique from an essentially Marxist perspective, he is not committing himself to a radical break with the pluralist tradition in his prescription and strategy for change. In 'Beyond Contract' (1974), Fox explores an evolutionary route to social change making use of the concept of trust relations. He argues for gradual social reforms and in formulating a high-trust route to 'radical' change, he remains, according to e.g. Wood and Elliot, in favour of a more pluralist 'mutual survival' perspective (1977:115-116). However, it is Fox's critique of pluralist assumptions that is the issue here.

#### 1.4.3 a radical critique of pluralist assumptions

Various pluralist assumptions noted earlier have been subjected to serious questioning. These refer to the presumed consensus relationship and power balance between management and labour, the role assigned to labour unions, collective bargaining and the state in industrial relations, the presumed existence of a single 'public' or 'national' interest and the assumption that conflict is concerned only with relative marginal issues between management and labour.

It is contended by industrial relations pluralists that, despite diverse interests, aims, values, etc., parties are seen to be mutually dependent and to have a 'common interest in the survival of the whole of which they are part'. In other words, the divergences between the parties are not so fundamental or so wide as to be unbridgeable by compromises, concessions or new syntheses (Fox 1974:262). This links with the belief that conflict is confined to narrow issues and minor details which cannot disrupt the basic relationship between the parties. What is necessary then, is goodwill

between parties, so as to enable them to negotiate rules and regulations which will in the final analysis, secure order and stability. Thus, the parties must subscribe to a philosophy of mutual survival.

The implication of this argument is that, in order to survive, parties must make claims which are rendered acceptable by the other - otherwise the so-called 'consensus ethic governing joint regulation would be ruptured ...' (Fox 1974:264-265). Such a situation will result in coercion. By recognising their mutual dependence it is believed that the parties can resolve most of their differences.

This assumption leads Fox and Hyman to conclude that industrial relations pluralism does not represent any real viable alternative to the unitary perspective. It remains a conservative approach to conflict within industry because the basic antagonism and extreme divergence of interests following from class relations, between management and labour, are not being recognised.

Another assumption questioned by radical followers, and which relates to the preceding one, concerns the presumed existence of a balance of power between the relevant parties and the view that collective bargaining ensures this equality of bargaining power. Fox views this assumption as central 'because of its bearing on the degree of moral obligation which each party feels towards observing the agreement - and equally important, the degree of obligation which independent observers consider ought to be manifested by the parties' (Fox 1974:265).

Writers arguing from within a radical frame of reference will experience obvious problems with this assumption. Given the unequal distribution of the means of production in the wider society and given that these unequal relations of economic power are reflected in industrial or employment relations, there cannot be a power balance between those who buy labour power and those who sell their labour power in

the market. The labourer cannot be divorced from his labour power and the latter assumes a subordinate position within an employment relationship. According to this view, power, in the final analysis, resides in the hands of management. This account refutes any notion of a power balance.

How then, is the myth of a power balance accounted for by the radical perspective? Fox offers some answers to this question. He argues that those who own and control resources rarely need to exert publicly and visibly the full scope and extent of the power that lies at their disposal. This accounts for the fact that the effect of power on behaviour often passes unnoticed and 'it is in precisely those power relationships where power disparity is greatest that its active exercise is least necessary'. 'It is the absence of obvious evidence, however, which is likely to shape popular impressions on the subject' (1974:276-277).

Another reason for the perpetuation of the myth is the fact that all the institutions are accepted as legitimised in a capitalist society. Following Marx's argument, those who control the economic means in a society thus also control all other institutions as well as mass media and communications. What are also seen as legitimate are class distinctions, status differentiation, the hierarchical organisation of production and work accompanied by differential rewards, status, authority and job autonomy. By means of ideological justification, people are made to believe that those occupying positions of authority or those who are more skillful and talented ought to enjoy higher rewards compared to the less fortunate. Power is thus used in an indirect manner by the ruling class and is consequently less visible and obvious. Says Fox, '... the illusion itself contributes towards acceptance, for by concealing gross disparities of power it fosters the belief that all the principal interests, at least, of society compete fairly for its rewards, thereby helping to legitimize the system' (1974:280).

Another assumption of the pluralist perspective concerns the existence of a 'public' or 'national' interest despite a plurality of sectional interests and groups. Hyman and Brough (1975) point out that these concepts are usually vague and undefined making interpretation difficult. Their main objection to these concepts however is the fact that interpretations itself are structured by relationships prevailing within the existing social and economic system. What is postulated as being 'public' or 'national' is nothing more or less than the interests of the ruling class in a capitalist society. They quote Wedderburn (1965) as saying that 'national' or 'public' 'has a curious habit of coinciding with the interests to which the speaker owes allegiance'. They also argue that a particular section of society may believe that its own interests reflect the general interests of society. At other times, an ideology may be used in a manipulative fashion. In the final analysis, however, it is not the sincerity of those in a position of dominance which is really relevant ... 'it is the objective consequences of the acceptance of such values and beliefs by those beneath them' (Hyman & Brough 1975:188-189). This of course has consequences for what are going to be defined as 'problems' by those occupying positions of domination in the area of industrial relations.

Related to this assumption is the notion that in a capitalist society, the state protects these interests and is seen to play a neutral or mediating role in conflict situations between management and labour. This follows from the voluntary approach in industrial relations followed in Britain whereby the procedure of collective bargaining is regulated by rules which the parties establish themselves. This contrasts with compulsory procedural rules for collective bargaining whereby the parties are regulated by rules which they are forced to observe by the state under statute or common law.

Radical observers deny this 'neutral', 'impartial' or 'mediating' stance of the state assumed by the pluralist

framework. Rather, the state is viewed in the final analysis, as protecting the interests of those wielding economic power i.e. management.\*

The characterisation by radical critics of the power relationship between management and labour in capitalist societies as essentially unequal, has obvious consequences for their interpretation of the role of unions and collective bargaining. Fox's (1974) argument can briefly be summarized:

Disparity of power may ultimately lead to one party (usually management) coercing the other into accepting the terms of an agreement leading to a situation of bargaining under duress. This in turn (if pluralist assumptions regarding a power balance are accepted), relieves the weaker party of its obligation to honour such an agreement whereby collective bargaining becomes meaningless.

Fox has however pointed out that the continuation (for which various explanations were offered) of the myth of a power balance means that both parties are held to come fully under the obligation to observe these terms. Failure to do so may be viewed to justify sanctions against the defaulting party.

The beliefs and assumptions of the pluralist perspective can, according to Fox, promote and legitimise certain social attitudes and public policy. The radical perspective challenges this interpretation and the moral basis of most collective bargaining in capitalist societies. Not only is the moral validity of collective bargaining challenged on the above grounds but also on the grounds that the negotiation of 'order' - an order negotiated with representatives of participant interests - takes place only at the margins. 'Management and the interests do not jointly

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\* The role of the state in capitalist societies has been subjected to debate by traditional as well as contemporary Marxist scholars. I am well aware that the complexity of this highly theoretical debate is not represented here.

build their collaborative structure from the ground floor up. Power and social conditioning cause the employee interests to accept management's shaping of the main structure long before they reach the negotiating table' (Fox 1981a:318). Thus, negotiations are not about the principles of hierarchic rewards, extreme sub-divisions of labour, the possibility of other types of rewards than financial rewards, the benefits and costs of company expansion and growth and the basic nature of management objectives. These issues are deemed by management as not fit for discussions and negotiations. Those issues that are defined by management as 'problems' and qualify for negotiations, are issues that do not relate to the basic reward structure of a capitalist economy and the control of management over labour. This links with, what has earlier been termed, the 'acceptability of claims' made by the parties involved.

The 'limitation of objectives' has been an important theme in radical and Marxists' debate on trade unions and collective bargaining. Maree (1984b) for example, provides an account of Marxist theory of the goals and role of trade unions differentiating between a Marxist-Leninist and contemporary British Marxist theory. In the case of the former, the political objective of unions was the main focus. Initially unions were viewed to have an economic role - combining workers and resisting a lowering of wages. They were functioning as essentially defensive organisations. Once workers become aware that they are fighting as a class against a united capitalist class, the economic role becomes a political one. In other words, class consciousness develops.

Both Marx and Lenin became increasingly aware that trade unions on its own, can not realise the political objective of creating a working class consciousness in order to dismantle capitalism. Marx pointed to a need for a political party which could use the economic struggle of unions in their drive for political power. Lenin maintained that while the working class is able to develop a 'trade union



consciousness' it had difficulty creating a revolutionary socialist consciousness. Workers were being diverted from political objectives by focusing strictly on economic issues - economic reforms being merely 'trade union politics'. Intellectuals from the capitalist class had to politically educate the working class. In the final analysis however, as Maree correctly points out, Lenin gave great emphasis to the potential of trade union struggle in raising a working class consciousness.

This rather pessimistic view of the political role of unions are echoed by those who write from within a traditional Marxist perspective, for example, Anderson (1977). He argues that unions are very much part of a capitalist society in that they express the divisions of classes and do not challenge a society based on these divisions. They are being incorporated into a capitalist society and are utilised as 'managers of labour' by those in positions of power. Many Marxist writers view the fragmentation of union organisation and workers into work groups to undermine the unity of the working class (Goodman 1984:69).

#### 1.4.4 R. Hyman and the role of trade unions and collective bargaining

Pessimism concerning trade unions do not of course reflect the views of all Marxist writers. Amongst contemporary British writers, R. Hyman for example, is more optimistic regarding the role of unions in the work place and in fostering a class consciousness amongst workers. In concluding the discussion on the radical perspective or radical critique of pluralism in industrial relations, the approach of Hyman can be briefly looked at.

Hyman professes to use an essentially Marxist approach in his analysis of industrial relations leading him to focus on the sources of conflict rather than the regulation thereof.



He identifies the nature of labour transactions and the control over workers as the main sources of conflict in industrial relations. While the labour transaction represents the basic conflict of interests between labour and capital, the selling of labour power puts labour under control of management. This subordinate position is reinforced by socialisation processes, and the functioning of the dominant ideology in various institutions of society - thereby creating a false consciousness. This results in cultural and ideological hegemony which is seen by Miliband (1969) as 'the result of a permanent and pervasive effort conducted through a multitude of agencies' (as quoted by Hyman & Brough 1975:199).

There are, however, limits to cultural and ideological hegemony opening up the possibility of developing a radical consciousness. In the sphere of industry, workers' normative integration into an inegalitarian hierarchy of rewards and deprivations is equally limited and problematic. The everyday concrete experiences and actions of workers may lead to the questioning and reinterpretation of the generalised value system in the light of these objective situations and experiences leading to a radicalisation of ideology (Hyman & Brough 1975).

Within this context, what is Hyman's interpretation of the role of institutions e.g. trade unions and collective bargaining? Are trade unions (and collective bargaining) limited to an economic role (trade union consciousness) or can these institutions successfully help in creating a working class consciousness?

He concludes that there is no general theory available to relate the struggle for material reforms to the development of a revolutionary consciousness. He warns however against a focus and one-sided accentuation of the economic role and the integration of unions into a capitalist structure. The dialectical relationship between unions and capitalism must be explored in a historically specific context. Furthermore,

unions do represent a substantial threat to the stability of the capitalist economy. But in the final analysis, the potential of unions to create a revolutionary consciousness, lies in the power and control that unions can exercise through collective bargaining at the work place itself - thereby challenging managerial control.

The extent to which unions will be successful in this, will depend on prevailing historical conditions. The limits of trade union consciousness, Hyman says,

can vary markedly between different historical contexts and can shift radically with only a brief passage of time. Under specific objective conditions the educative potential of collective industrial action may be immense; in other, perhaps more typical, circumstances the spontaneous development of workers' consciousness may fail absolutely to transcend the confines of bourgeois ideology (1971:52-53).

Compared to more traditional Marxist writers, Hyman foresees for unions and collective bargaining a greater role (if a qualified one) regarding the development of a revolutionary consciousness.

Therefore, despite the absence of a coherent analysis by radical writers of the role of trade unions, the essence of the radical perspective/radical critique is the focus on the socio-economic structure which underlies inequality in industrial relations. Hyman and Brough (1975:183) formulate as follows:

The structure of power and ideology which forms the context of collective bargaining is not explicitly scrutinised (by pluralists) as a crucial influence on job regulation; and this narrow focus encourages the widespread but illegitimate assumption that the pluralist ideal actually deserves the reality of industrial relations

There is however one thing that the pluralist and radical perspectives are seen to agree on and that is the degree of success that trade unions and collective bargaining have had in containing and regulating industrial conflict in most

Western societies - in other words, the degree to which conflict has been successfully institutionalised in most societies.

#### 1.4.5 criticism of the radical perspective

Criticism has also been raised against the radical perspective. It has been criticised as overly structural and deterministic; it has been argued that many or most workers may be quite content with trade unions having mainly 'economic' objectives as opposed to 'political' objectives posing a questioning of the existence of false consciousness and neglect of the success that unions and collective bargaining have had in securing greater economic advantages for the worker has been raised. The applicability of a Marxist analysis to modern welfare states and mixed economies has been questioned as well as the role of the state in industrial relations. For example, Zeitlin (1985) argues that a growing body of empirical studies of industrial relations in Britain and elsewhere suggest that at certain moments the state has played a key role in eroding managerial prerogatives in the work place and overcoming employer opposition to trade unionism.

#### 1.5 Conclusion

When comparing the perspectives covered in this section, it is clear that these frames of references do not only differ in terms of their basic assumptions or ideologies, but also with regard to the level they may be applied to as well as inconsistencies in their application. Both the unitary and pluralist frames of references can be applied to either organisational or societal levels whereas in the radical perspective, the continuity between organisational and societal factors is stressed. In the case of the former two

perspectives, there is a discrepancy between what is and what ought to be whereas the latter is characterised by a discrepancy between what is the case and what ought not to be the case (Watson 1980:227). This relates to the view that the radical perspective is nothing more than a radical critique of the pluralist perspective.

The answer to the question set at the beginning of this section i.e. to what extent do the perspectives accommodate collective bargaining and how is this done - should hopefully be clear at this point.

The unitary perspective does not view collective bargaining as central to industrial relations. To the extent that collective bargaining is a feature of contemporary industrial relations, it is seen as unnecessary in the context of 'enlightened management' but welcomed if it is to assist management in their function.

Collective bargaining occupies a central position in the pluralist perspective. It represents the way whereby conflict between management and labour is regulated, controlled and contained. Through collective bargaining, rules and regulations which govern the relationship between management and labour, are established. It is viewed as one of the most important processes whereby compromises and concessions are made and whereby conflict is institutionalised in contemporary Western societies.

The radical perspective/radical critique views collective bargaining in capitalist societies as essentially a sham and challenges the moral basis of most collective bargaining in contemporary societies. The moral basis is challenged on the grounds that the perpetuation of the myth of a power balance makes it extremely difficult for labour not to observe the terms of an agreement. Furthermore, negotiations are seen to take place over marginal issues - marginal in that the basic power structure within industry - and consequently within the broader society - is not in any way challenged. Should

labour succeed in developing a revolutionary consciousness (by means of collective bargaining in the work place?) and overthrowing capitalism, it is not clear what role, if any, is going to be assigned to trade unions and collective bargaining in a society devoid of any class divisions.

## CHAPTER 2

### TOWARDS A DEFINITION OF LOCAL BARGAINING

#### 2.1 Introduction

From the preceding discussion it is clear that proponents of both the pluralist and radical perspectives ascribe credibility - or at least something approximating credibility - to the institution and process of collective bargaining. This is concluded on the grounds that while industrial pluralists view collective bargaining as the process/institution by means of which employment relations are to be regulated and conflict to be contained within industrial relations, proponents of the radical perspective have at least had to acknowledge the relative success that collective bargaining has had in not only regulating class related conflict between management and employers but also in securing important gains for employees in most industrialised societies. Proponents of both sides have thus concluded that the institutionalisation of conflict through collective bargaining has met with a relative amount of success in contemporary societies.

In the following paragraphs an effort will be made to define collective bargaining more accurately and to explicate various aspects thereof e.g. the origin and nature of collective bargaining, the conditions necessary or at least conducive to its development and the meaning and significance of bargaining structures. Following this, a definition of local bargaining will be presented. At this stage however, an important qualification has to be made. Following from our discussion in Chapter 1, material on and analysis of collective bargaining are very much the fruits of writers' labour working from within a pluralist perspective on industrial relations. This follows from the

central position ascribed to collective bargaining in this frame of reference.

## 2.2 The origin of collective bargaining

The relationship between employer and employees within industrial capitalism centres on, what Watson (1980:237) terms, and 'implicit contract'. This contract is depicted as

...an agreement between unequal parties in which the employee, in the light of his or her particular motives, expectations and interests, attempts to make the best deal possible, given his or her personal resources (skill, knowledge, physique, wealth, etc.). The bargain which is struck involves a certain relationship (in part explicit but largely, owing to its indeterminacy, implicit) between the employee inputs of effort, impairment and surrender of autonomy and employee rewards of cash payment and fringe benefits, job satisfaction, social rewards, security, power status, career potential etc.

This bargain is thus essentially unstable for employers introduce various changes - organisational and technological - to increase efficiency or market viability thereby inviting opposition from employees. The transformation of the traditional employment relationship to one characterised by or centred on an 'implicit contract', as depicted above, followed from radical changes of production methods, the loss of traditional skills and competition in the labour market. Not only has the production process become more capital intensive but business concerns have become larger and consequently more complex. Joint stock companies have been substituted by the development of conglomerates leaving the individual employees 'more remote and isolated from their employer' (Jenkins & Sherman 1977:1).

Under these circumstances and, given the acute imbalance of the employer-employee relationship characterised by conflicting interests, it was to be expected that employees would try to protect their interests vis-à-vis the employer

and the state. Thus, unions became the vehicle to most manual workers for defending and improving their life standards and working conditions. They therefore rejected, if implicitly only, the basic premise of most economists critical of unions, i.e. 'that the life chances of individuals are most appropriately determined by supply-and-demand conditions' (Burkitt 1985:380). As it were, the employer had the right to hire and fire and to determine wages, working hours and practices. Employees organised themselves on a collective basis, and it was generally the craft or skilled workers who had some initial success in forming organisations and subsequently, engage in collective bargaining. The craftsmen had the 'material and administrative resources and the leadership talents required to build solidly founded institutions' (Windmuller 1987:4).

The centrality of power in this modified employer-employee relationship is accentuated by Herman and Kuhn (1981:295):

Power is 'the main thing unions and collective bargaining are all about. Workers' loss of power in the transition from a feudal to an industrial society two centuries ago sparked the formation of unions, and the relative power of employees and unionised workers has been a central concern of their relationship ever since.

Windmuller (1987) reminds us that collective bargaining has had no single uniform origin in the various countries in which collective bargaining has become an established feature of the industrial relations scene. While it was mainly the employees who struggled for the acceptance of unions and collective bargaining, there were also instances where the employer took the initiative in establishing collective bargaining as an institutionalised form of the employment relationship.

Various writers have commented on the resistance that employees experienced from employers and the state in establishing these formal institutions. Employer resistance is seen to be related to public policies deriving from the



principle of economic liberalism with its focus on the individual and laissez-faire ideologies. It was especially the growing collective organisation of unskilled and semi-skilled workers constituting a body of life-long wage-earners, free to sell their labour, wholly dependent on wages and aware of the benefits of collective bargaining (Webster 1983:112) which met with considerable antagonism.

An interesting observation by Windmuller is that '... viable organizations for less-skilled and unskilled employees lagged behind everywhere, but especially in the Anglo-Saxon countries, a fact that helps to account for the continuing relative importance of craft-based bargaining structures in Australia, Canada, Great Britain, New Zealand and the United States' (1987:4)

From a study of the history of trade unionism, it appears that public policy regarding unionism began to swing around before the 20th century which also meant that collective bargaining was being tolerated to a greater degree by the employers and the state. Again, there was no uniform reaction by respective parties to these developments in the various countries.

### 2.3 Defining collective bargaining

Turning to the origin of the term collective bargaining itself, it is generally acknowledged that the term originated in the work of the Webbs (1894) on trade unions at the end of the 19th century. In spite of the fact that they never formally defined the term, they viewed collective bargaining as an essentially economic transaction - a transaction which employees turned to in order to enhance their economic position vis-à-vis the employer.

While the economic aspect of collective bargaining is still being seen by some contemporary writers as the crucial

element of collective bargaining, the more popular view is to interpret it as a political rather than an economic process or institution. This view is supported, inter alia, by Goodman (1984:148) when he argues that collective bargaining be viewed as a political process which takes place within an economic and social context. This is so, he says, because collective bargaining rests, ultimately, on 'the (usually implicit) availability to the parties of sanctions of various kinds'. What he has in mind for example, is the withdrawal of co-operation, restrictions of output, bans on overtime, strikes etc. on the part of the employee or lock-outs on the part of the employer.

Apart from these differences regarding the relative importance of economic vs. political nature of collective bargaining, an overview of some definitions indicates that, in general, they share a common notion of its meaning. A few examples will suffice here:

Collective bargaining may be defined as negotiations about working conditions and terms of employment between an employer, a group of employers or one or more employer organizations on the one hand and one or more representative workers organizations on the other, with a view of reaching an agreement (International Labour Office, Geneva as quoted by Farnham & Pimlott 1983:217).

Windmuller (1987:3) offers the following definition:

Collective bargaining is a process of decision-making between parties representing employers and employee interests. Its overriding purpose is the negotiation and continuous application of an agreed set of rules to govern the substantive and procedural terms of the employment relationship, as well as to define the relationship between the parties to the process. As used here, therefore, collective bargaining should be understood to refer not only to the negotiations or formal collective agreements but also to other aspects of the collective dealings between the parties.

Finally, Goodman (1984:145) presents collective bargaining as

...a process through which representatives of employers and employee organizations act as the joint creators of the substantive and procedural rules regulating employment. In addition they frequently accept the main responsibility for interpreting, applying and enforcing these rules.

An important qualification added by Goodman and which coincides with Windmuller's definition as quoted above, is that while collective bargaining is associated with an institutional relationship (meeting formally to negotiate written agreements) - it is not confined to such bodies. One must, he says, regard collective bargaining 'as incorporating most attempts by groups of employees (at any level) to affect the terms and conditions of their work through interactions with management' (1984:148).

In reviewing these conceptions of collective bargaining, especially those developed by Windmuller and Goodman, the following observations can be made:

- (1) by using or employing the term 'parties' to denote those who represent the various interest groups (Windmuller), numerous possibilities are left open regarding what form this representation may take on. As will be pointed out at a later stage, the form that representation takes on relates to the level at which negotiations and bargaining is conducted;
- (2) accommodated in these definitions is the notion of joint determination of work rules rather than acting in a unilateral way - a point well demonstrated by Flanders' suggestion that the term joint regulation rather than collective bargaining be used;
- (3) the distinction between procedural and substantive rules or terms of employment is accommodated;
- (4) not only is collective bargaining about negotiations or terms of employment but these terms or rules have to be applied. From the definitions it would appear that the parties involved in the establishment of these terms have in general the responsibility of interpreting and applying these rules and terms and
- (5) collective bargaining must be regarded as to include not only formal negotiations resulting in formal written agreements but to include all other aspects of collective dealings or interaction between employees and management at any level. From this follows that

agreements need not be necessarily formal and in written format. This aspect is of crucial relevance for bargaining at the so-called local levels. In more concrete terms, Goodman (1984:148) makes this point when he says that '... informal discussions between shop stewards and managers about day-to-day operations can equally be seen as collective bargaining, with each side deploying arguments against a background of relative power'.

Returning to the distinction between collective bargaining as an economic vs. a political process, Farnham and Pimlott (1983) argue that this theoretical distinction is not considered by them to be either a conceptually or empirically valid one. They justify this position by referring to three, by now classic, perspectives from which collective bargaining may be viewed. These perspectives were initially suggested by Chamberlain and Kuhn (1965) and deemed by many writers as of importance and heuristic value in debating the nature and essence of collective bargaining. They are labelled as the marketing, governmental and managerial/industrial relations concepts of collective bargaining.

The marketing concept views collective bargaining as the means by which labour is bought and sold in the marketplace. It is a method for determining the standard terms and conditions of employment by which labour is supplied to an employer either by its present employees or by its newly hired workers. It focuses on the substantive content of collective agreements i.e. pay, fringe benefits, hours of work, etc. This concept is very similar to that of the Webbs' view of collective bargaining. This view is based on the belief that collective bargaining represents a useful means by which the basic bargaining inequalities which exist between strong employers and weak employees in the buying and selling of labour can be eliminated or remedied. Whether collective bargaining in fact establishes a more equitable balance depends, as we have seen from Chapter 1, on one's own ideological position. But at the very least, collective bargaining can be seen to mitigate the imbalance of power

seen to exist between the two parties. In the light of the fact that 'free collective bargaining' is in general fiercely defended by trade unionists, it can be concluded that collective bargaining is seen as contributing to their power vis-à-vis the employer.

The governmental concept of collective bargaining interprets it as a rule-making process which determines the rights of the relevant parties - a view that coincides with that of Flanders. Collective bargaining is seen to be a political and power relationship. Unions for example, as representatives of employees, use bargaining to encroach on the sovereignty of management. Power is used in order to realise the members' aspirations and interests. According to this view, collective bargaining is more than just regulating the price of work or the rewards attached to it. Jointly agreed terms cover other topics as well e.g. discipline, dismissal, training, allocation of work, etc. (Goodman 1984).

The management or industrial relations concept of collective bargaining follows logically from the immediate above concept. It views it as a means by which employees can actually participate with management in decision-making processes on matters concerning both parties. Thus representatives or workers may to some extent be drawn into joint management for they contribute in securing adherence to agreements by employees. Management's freedom to act in a unilateral way is thereby curbed to a substantial degree. Management, in the long run, usually accepts this development because, as was shown previously, management needs and obviously prefers a co-operative workforce in seeking to realise their objectives.

In a sense, one can interpret this as to imply that employees gain control over their work place and environment. As the area of joint control expands, 'so too does the participation of trade unions in the management of the enterprise' (Farnham & Pimlott 1983:220). Collective

bargaining in terms of this view, becomes a means by which industrial democracy is established at the work place.

Chamberlain and Kuhn do not view these concepts of collective bargaining as contradictory or mutually exclusive. Instead, they can be simultaneously maintained as each represents a different emphasis regarding the same phenomenon. Furthermore, it is suggested that they be viewed as representing different stages in the development and maturation of the bargaining process.

#### 2.4 The nature and properties of collective bargaining

As to the nature and properties of collective bargaining, the essence thereof remains its representative nature, its power basis and its adaptability to changed circumstances (Farnham & Pimlott 1983). This is supported by Windmuller's discussion of the attributes of and functions fulfilled by collective bargaining of which a brief summary is given here (1987:8-10): Collective bargaining is seen to be a highly flexible method of decision-making in contrast to legislative, judicial or public administrative processes and adapts to a diversity of circumstances. This flexibility is reflected in a wide range of possible agreements resulting from bargaining and negotiations ranging from purely oral understandings and simple documents to highly formal and complex documents covering a wide spectrum of issues. Some even allow for so-called supplementary agreements which are usually of a highly specialised nature.

Furthermore, collective bargaining in contemporary industrial societies is viewed as a 'means of applying widely shared notions of equity and social justice to the industrial setting and the labour market'. The contribution that collective bargaining makes as a channel for workers' participation is also listed by Windmuller as an important attribute, one that relates to the managerial and

governmental concepts discussed above. The bargaining process is also seen to contribute to the exchange of information which could lead to greater understanding of the parties for one another's position and objectives. It consequently provides an 'orderly procedure by which each side can present to the other the best possible case for the satisfaction of its particular demands' (1987:9). Collective bargaining is also seen to elicit the consent of those who have to live under the terms of the agreement which results from the negotiation process and to be useful for the exercise of problem solving.

In conclusion, Windmuller refers to the generally accepted distinction between bargaining as a distributive and as an integrative process. The former is a more traditional view arguing that collective bargaining is a means for resolving conflict of interest in situations characterised by a scarcity of resources. In such a bargaining situation, whatever one party gains, the other is seen to lose. The integrative view, by contrast, poses collective bargaining as a process by which all parties derive benefit from it. He quotes Healy (1965) as noting that '(c)reative bargaining is practiced when the parties adapt the bargaining process to their particular needs in order to attack, in a meaningful way, the problems that face them, hopefully finding solutions that are to their mutual benefit and satisfaction' (1987:9-10). Needless to say, many of these views on the nature and properties of collective bargaining stem from an ideological position which could only be described as pluralist and even unitary in some instances and, would for obvious reasons, not be supported by 'radical' observers.

The approach or view of collective bargaining to be taken here, supports that of Farnham and Pimlott (1983) i.e. collective bargaining, while contributing a rule making process and institutionalising conflict, involves processes of power and control over work relations. Collective bargaining involves economic relations as well as a struggle



over power between management and labour whereby labour often succeeds in encroaching upon traditional prerogatives and control of management.

## 2.5 Conditions conducive to the establishment of collective bargaining

If the nature of collective bargaining and the functions it fulfills, approximate anything close to those being ascribed to it above, another question has to be considered: What conditions have to be met in order for collective bargaining to function effectively in this manner? It follows that in order for collective bargaining to be a viable option, the parties to the process must be sufficiently organised. The freedom of association and organisation (not necessarily a union) amongst employees especially, is an indispensable condition to be met - in absence of which employees have a rather limited chance in establishing any power base. The parties involved in bargaining thus have to develop 'appropriate structures' - not only develop them but also adapt them to an ever-changing environment (Windmuller 1987). But not only must structures be developed and adapted, but the parties to the process must recognise these structures for bargaining purposes.

The circumstances under which these conditions can be met may differ dramatically in terms of the means applied e.g. legal means as opposed to voluntary means. In the case of the latter, the interference of the state and the law in industrial relations and particularly in the regulation of employment relations, is not deemed as acceptable. Rather, the view is held that the various parties must organise, negotiate and bargain in good faith and observe the terms of agreement according to the principles of voluntarism - an observation made in Chapter 1.



The industrial relations system of Britain for example, is generally depicted as the prime instance of a system upholding and embodying the notion of voluntarism. This is especially relevant for the period prior to the 1960's. In the already mentioned evidence before the Donovan Commission in Britain, Flanders examined the voluntary principle as a 'complex pattern of beliefs' and subsequently suggested at least three different principles underlying or associated with the notion of voluntarism (Flanders 1970). Firstly, preference is given to collective bargaining over state regulation as a method for regulating wages and working conditions. The second principle favours keeping industrial conflict and disputes out of the courts by maintaining non-legalistic bargaining. And thirdly, the insistence by relevant parties on complete autonomy (so-called 'free collective bargaining') leading them to find outside interference totally unacceptable. In other words, in its purest form it means that the state plays no part whatsoever in industrial relations. Flanders argued however that voluntarism understood in this sense had to be discarded. In his words '... it is only the third (principle) that truly belongs in the rubbish bin of history' (1970:289). If voluntarism is to be understood in terms of this principle, then the British system of industrial relations could or can hardly be explained as one of true voluntarism. This point is also argued by Jackson (1977) when he reviews some examples of state intervention in British industrial relations even prior to the 1960's.

In contrast to voluntarism, legal means can also be applied to establish the necessary conditions for collective bargaining. As an example of this type, reference is usually made to the United States. As Jackson and many others have observed, the legal regulation of industrial relations is one of the most outstanding features of the American society. Legislation covers a wide range of issues and 'although it would be an exaggeration to claim that industrial negotiations are solely the province of lawyers,

the legal profession comes close to dominating the scene' (1977:229).

## 2.6 Bargaining structure

A term often encountered in the literature on collective bargaining is that of 'bargaining structure'. But despite its general usage, there is little consensus regarding the exact meaning thereof. Thus, no commonly agreed on definition can be presented and to use Windmuller's (1987:81) formulation, '(b)argaining structures are not easily portrayed in an orderly way even if the term "structure" seemingly implies certain qualities of symmetry, hierarchy and neatness'. He then proceeds to define it as follows:

Whenever collective bargaining becomes established as the process by which decisions of considerable importance to those affected are made about the terms and conditions of employment, there develops a network of institutional relationships which is referred to as the bargaining structure. The term applies in particular to the often highly complex horizontal and vertical segmentations which divide and subdivide industrial relations systems into hierarchical layers and compartments, and to the relations that exist between them.

A similar conception and one which places emphasis on the idea of permanency and stability, is that offered by Parker, Hawes and Lumb (1971) as quoted by Farnham and Pimlott (1983:222). According to this definition, the term 'bargaining structure' is used to describe collectively 'the more stable or permanent features that distinguish the bargaining process in any particular system'.

The difficulty experienced in trying to define bargaining structures in a precise fashion, leads many writers to identify, what they term, elements, dimensions or features of bargaining structures of which numerous examples can be

cited. Weber (1967), for example, differentiates between informal work group, the election district, the negotiation unit and the unit of direct impact; Clegg (1976) between extent, level, depth of bargaining and the degree of control of collective agreements; Kochan (1980:84-85) defines bargaining structure as 'the scope of the employees and employers covered or affected by the bargaining agreement' and proceeds to differentiate between the formal and the informal bargaining structure. While the former refers to the negotiating unit, i.e. the employees and employers that are legally bound by the terms of an agreement, the latter is defined as the employees and employers that are affected by the results of a negotiating settlement through pattern bargaining or some other nonbinding process. It must be kept in mind though that Kochan defines these terms strictly in terms of the American industrial relations system. Two principal but closely related concepts are identified by Windmuller (1987) i.e. bargaining level and bargaining unit.

The classification by Farnham and Pimlott (1983) and that by Goodman (1984) however, seems to be particularly helpful for our purpose. These distinctions originate from Parker et al (1971) and the various dimensions of the bargaining structure to be discussed here are the levels, units, scope, form and principles of bargaining.

#### 2.6.1 level

Level is seen to refer to the points at which bargaining is conducted. In other words, it refers to the 'hierarchical and horizontal layers which are characteristic of the bargaining structure in virtually all countries' (Windmuller 1987:82). There are many such layers - especially in multi-plant companies or enterprises (Goodman 1984). These layers could include the economy as a whole, industry, region or district, company or enterprise, plant or establishment, department or section in descending order of

comprehensiveness. Not only can numerous layers be identified, but bargaining may take place at different levels at the same time. A company for example, which is a member of an employer association may negotiate aspects such as minimum wages and the length of a normal working week at the industry level, sick pay and redundancy agreements at company level and bonus schemes at the level of the individual plant or department (Farnham & Pimlott 1983). Terms of employment are generally seen to be established by two or even more agreements concluded at different levels.

#### 2.6.2 unit

Bargaining unit, or in Clegg's (1976) terms, extent of bargaining, on the other hand, refers to specific groups or categories covered by a particular agreement. It thus 'comprehends the groupings of employees and employers who are represented in collective negotiations and who are subject to the terms embodied in the agreement' (Windmuller 1987:83). The possibility to extend the terms of a collective agreement to employers and employees not represented in the negotiations usually by administrative action, is a feature of many countries' industrial relations systems. The composition of the relevant parties can vary depending on particular circumstances. The units may be broad, for example when a unit covers all manual workers in a single plant, company, industry or much narrower, as when separate units can exist for skilled workers, process workers, supervisors or technicians within a single enterprise or plant. On the employer side, a unit can organise them in small groups or as an individual enterprise, company and still smaller, such as a plant or even a department, section or workshop within an establishment. These units could of course be also quite large for example groups of employers in a large enterprise (multi-employer), at regional or national level. According to Goodman (1984), broad bargaining units normally cluster

diverse occupational groups together under one agreement though the agreements may define different rates of pay. Narrow bargaining units allow for separate negotiations by different groups. Most large companies or enterprises have more than two units who conduct negotiations. It is maintained that some large multi-plant and multi-product companies which adopt narrowly defined units at plant level, may have up to 50 units. Bargaining units are primarily determined by a community of interests which are strong enough to create such a unit. Such community of interests can be determined by a variety of factors e.g. employment in the same industry or enterprise or plant. It could even be determined by similar occupation or skills or dependence on the same market. Units on employers' side, are similarly determined by a community of interest e.g. common ownership of establishments and attachment to the same industrial sector.

### 2.6.3 scope

Scope refers to the number of employment aspects covered by agreements concluded. Put differently, it refers to the range of subjects regulated by collective bargaining, as opposed to those topics decided by other means. It follows logically that the scope of bargaining will differ between enterprises and industries. The issues usually covered in agreements are those related to what may be termed the 'market' issues e.g. hours, wages, shift work, overtime rates, etc. The scope could also include a whole variety of other issues which are characterised by a great degree of detail or precision e.g. issues relating to discipline, dismissals, training of employees, recruitment of workers, manning levels, job descriptions, etc.

These above issues or topics are not always established as negotiable as some of them may be seen to be subjected to consultation rather than negotiation. Others may be

acknowledged to fall under management 'prerogatives' and not subject to either negotiation or even consultation. Again, this will differ according to enterprise and industry. The abovementioned processes is termed by him as the so-called 'frontiers of collective bargaining' and lines between them, he argues, are difficult to define in practice because the different parties may differ regarding the position of these topics on a continuum ranging from negotiability to that of unilateral decision-making. Another factor contributing to the difficulty in defining lines, is the nature of discussions and interaction between employees (or shop stewards who normally represent them) and the supervisors or managers. These discussions or interactions are not always formal resulting in formal agreements. They can be, as was pointed out in the definition of collective bargaining, informal in nature. It is therefore, as Goodman correctly points out, very difficult to ascertain the scope of collective bargaining in a particular country, industry or enterprise by merely referring to written collective agreements. This leads us to the following feature or dimension i.e.

#### 2.6.4 forms

Bargaining forms refer to the ways in which an agreement or set of agreements are recorded i.e. written and formally signed or unwritten and informally understood or it may be simply acknowledged practices. It may be the case that the parties prefer to have formal, written agreements on certain topics. On other issues, they may prefer to be less formal for some reason (Goodman suggests tactical reasons). Furthermore, agreements may be very prescriptive and specific in their formulation and wording or they may be nothing more than just broad guidelines.

### 2.6.5 principles

Finally, there are bargaining principles which is less clearly an element of bargaining structures than the above mentioned ones. If however, they are strongly held and slow to change, they will inevitably have an influence on the bargaining arrangements. The term is seen to refer to the basic tenets or beliefs that influence the functioning of the relevant parties. Management, for example, may be very much committed to membership of an employers' association or may on the other hand, prefer or favour total autonomy in negotiations with unions. A union again, may prefer to bargain at a particular level, for instance plant level or enterprise level. They may have certain attitudes regarding mediation and arbitration and all these beliefs or principles must be seen to have a significant influence on the bargaining structure and processes between the parties.

These elements or features must for obvious reasons not be seen in isolation from the other. Not only are they related to one another but Clegg (1976) proceeds to argue that these elements or dimensions of the bargaining structure may be seen to relate to various aspects of union behaviour e.g. density, union structure, union government, work place organisation and collective action in the form, for example, of strikes. Regarding the nature of the relationship between bargaining structure and union behaviour, it is clear from the following quotation that collective bargaining is seen to have more than just an influence upon union behaviour.

Collective bargaining is put forward not only as an influence on other aspects of union behavior, not just an important influence, but as the 'main', 'major', 'foremost' or 'principal' influence. These adjectives imply that when collective bargaining is the predominant method of regulation, its dimensions account for union behaviour more adequately than any other set of explanatory variables can do (1976:11).

By attributing to these dimensions the status of independent or intervening variables, an effort is made to account for



variations in union behaviour. This exercise leads Clegg to formulate a whole range of propositions. These are then tested against empirical data on industrial relations in various countries resulting in a comparative analysis which has made a noteworthy contribution to the study of industrial relations in general and collective bargaining and trade unionism in particular. Some of these points will be taken up in subsequent chapters.

## 2.7 Bargaining levels

Of crucial relevance here however, is the concept of bargaining level because, in order to define local bargaining, this dimension or element requires closer examination. As was noted above, bargaining level refers to or describes the points at which collective bargaining (in its various forms) is conducted between the representatives of the respective interest groups. What was also noted, was the general tendency for collective bargaining to be conducted at various levels within a particular industry, enterprise or plant. This trend is generally recognised to be related to the development of large, complex organisations. Jenkins and Sherman (1977:26), in discussing collective bargaining and agreements in Britain, argue that industry in contemporary Britain 'does not revolve around a single-plant entrepreneurial employer so beloved of Adam Smith and subsequently the neo-classicist economists and politicians'. Rather, what characterises British industry for example, is the growth and increasing complexity of business enterprises.

An important development has been the establishment of oligopolies and conglomerates with large multi-plant, multi-product or service companies dominating the scene. This observation is of course valid for what has been happening in most contemporary industrialised societies world-wide. An important aspect of these big corporations is the fact that



they often have more than one site for their business operations and employees can thus be represented at different levels for example site level or national level.

Regarding the various points at which bargaining can take place, the following levels are usually distinguished:

- (1) national, economic or confederate
- (2) industry (multi-employer bargaining)
- (3) regional or district (as subdivision of industry)
- (4) enterprise or undertaking (single-employer bargaining)
- (5) plant or factory (also site)
- (6) shopfloor (departments, sections and work groups within plants or factories)

#### 2.7.1 National/economy/confederate level:

Under conditions of plural unionism, unions can group together and form one or more trade union confederations. The prime goals of these confederations are usually the maintenance of top-level relations with governmental agencies or political parties and the articulation of views on public issues. Although collective bargaining is normally not to be seen as the central activity of confederations, they can become involved in bargaining activities under certain circumstances. For example, the effort by a government to harmonise national economic policy goals with the outcome of collective bargaining; when governments encourage the central bodies on employer and employee side to help shape social policy in areas relevant to their concerns; when central organisations of employers and employees have decided to establish, by mutual agreements, certain basic terms to govern the relationship between the respective parties and finally, when an agreement is reached among trade unions to co-ordinate their bargaining strength in pursuit of a common goal (Windmuller 1987).

A related form of direct confederal participation in collective bargaining is also mentioned by Windmuller, that being the negotiation of so-called basic agreements which are of special significance in certain countries e.g. Belgium, Denmark, Finland, West Germany, Norway and Sweden. These agreements contain certain fundamental principles that are to govern the relations between the organisations of the respective parties. They are thus very similar to basic national legislation or constitutional provisions except that the former 'have been shaped by the parties themselves through their representatives at peak confederal levels instead of by national legislature or constituent assembly' (1987:22). The extent to which central bodies like trade union confederations can acquire authority over collective bargaining, is closely related to two factors i.e. government intervention in the economy and the size of the country. As noted by Windmuller, '(n)ot only do interventionist governments want to deal with representative agencies on the trade union and employe sides, but conversely trade unions also find that they can influence policy-makers in government more effectively, through a single designated leading body' (1987:22-23). There is also a general tendency for confederations to get actively involved in bargaining in countries which are relatively small due mainly to administrative factors and the constraints of the economy. Centralised authority in all institutions is more easily achieved in small countries, other things being equal. Pressure to lower costs tends to promote centralisation of authority.

#### 2.7.2 Industry (multi-employer) level:

Bargaining at the point of industry- refers to bargaining between the representatives of workers and employers away from the individual enterprise or plant. In other words, individual employers do not bargain with workers within the boundaries of particular establishments. Normally, employees

are represented by unions who then negotiate with employers as a group - usually an employers' association within a particular industry. It is normally minimum wages and conditions of employment which are negotiated at this level and the terms of agreement are then binding on the relevant parties concerned.

#### 2.7.3 Regional or district level:

In this case, collective bargaining is conducted between the representatives of the employers and employees of a specific industry within a specific region or district. Bargaining between the district or regional committee of a union and a local employers' association of a particular industry would be an example of bargaining at regional (or district) level.

#### 2.7.4 Enterprise or undertaking (single-employer bargaining) level:

At this level bargaining takes place for example between the union headquarters and the headquarters of a multi-plant company or enterprise. Employees thus bargain as a unit with the representatives of the employers - negotiations thus are not conducted outside the enterprise as is the case with industry-wide bargaining. This has also been termed single-employer bargaining.

However, given that an enterprise/company/undertaking often has more than one plant and the possibility exists for plants to differ in terms of managerial methods, styles and organisation, enterprise bargaining usually implies that these managerial methods and forms of organisation are standardised at the various plants. Enterprise or company agreements can thus exercise control over a wide range of issues which would otherwise have to be regarded as domestic

to each individual plant. It is also important to note that when an enterprise does not comprise more than one plant, bargaining can be said to be conducted at enterprise level, the circumstances then corresponding to those at plant level.

#### 2.7.5 Plant or factory/site level:

Here employees, usually represented by officers of a local union or shop stewards, negotiate with the local manager or managers of a plant. This makes it possible to bargain over issues which are not covered by an enterprise or company agreement. These issues can thus be delegated down the line to the level of the individual plant or factory.

#### 2.7.6 Shopfloor or intra-plant level:

Within a particular plant or factory numerous work groups tend to develop. These work groups may be seen to share common problems, technology and other experiences and may want to negotiate with, for example, a foreman through a shop steward. These negotiations or other forms of interaction can be formal or informal in nature resulting in formal written agreements or informal understandings, custom and practice - all are seen to regulate employment and work relations once it is established.

### 2.8 Towards defining local bargaining

In the light of the above distinctions (which may not be generally accepted), local bargaining (or domestic/ work place bargaining) will in subsequent analysis be seen to refer to:

all forms of formal and informal negotiations and interactions between employee(s) or representative(s) of employee(s) and employers or representative(s) of employers or management conducted at the single-enterprise and/or subsidiary levels (i.e. plant or shopfloor) resulting in either formal or informal, written or tacit agreements and understandings between the relevant parties. Local bargaining is thus seen to include all forms of negotiations and interactions at the single-enterprise (assuming uniform methods of management and organisation in cases of multi-plant enterprises i.e. single-employer), plant, shopfloor or any other additional subsidiary levels.

With reference to agreements and understandings reached at subsidiary levels, Windmuller (1987) argues that these agreements and/or understandings have as their purpose one or more of the following:

- (1) they may contain improvements over minimum conditions;
- (2) the implementation of already agreed upon rules and terms of employment and
- (3) they may deal with issues not yet covered by the agreement or understandings - issues which, under certain circumstances, could be of an extremely wide nature.

To conclude: the relationship which connects the various levels constitutes an important aspect of the bargaining structure. As new or additional levels are added, or the relative weight and significance of any level changes, for example when national-wide bargaining is removed, the relationship between the levels of the bargaining structure will obviously also change. Any significant change regarding the relative weight of the various levels will point to a trend of either centralisation or decentralisation of the bargaining structure. If, for example, enterprise bargaining is largely subordinate to plant-level bargaining or if, economy-wide bargaining should become less significant than industry-wide bargaining, this will all point in the direction of greater decentralisation of the bargaining structure.

Over time, this structure of a particular country can be seen to show trends towards greater centralisation or decentralisation depending on the particular circumstances. In depicting trends however, certain problems can arise, the identification of which will be referred to in the following chapter.

It is important to note that bargaining conducted at a particular level does not have to be supplementary to bargaining conducted at a higher level. For example negotiations at the enterprise level are not necessarily supplementary to industry-wide bargaining within a particular industrial relations context or plant bargaining does not necessarily have to supplement enterprise level bargaining. As will be pointed out in the next section, enterprise and plant level bargaining can constitute - and often do - 'independent' and 'autonomous' levels as is the case with Japan and the United States. In these cases, negotiations will cover all issues pertaining to the employees of the particular enterprise or plant.

Finally, as noted previously, there exists a close relationship between the level at which bargaining takes place on the one hand and the unit, scope and form of bargaining structure on the other. At the local level, the units of bargaining tend not only to be smaller than those at for example industry and national levels, but tend to get smaller as bargaining moves downwards through plant and additional subsidiary levels. At local level, bargaining is usually conducted over issues pertaining to a single enterprise, plant or shopfloor situation and while agreements can take on many forms, the tendency is towards a greater degree of informality as negotiations and interaction move from single-enterprise level through to the level of the shopfloor. At the latter point, agreements frequently take on the form of oral and informal agreements or understandings as well as custom and practice.

## 2.9 Informal shopfloor bargaining, custom and practice

In terms of the definition of local bargaining presented above, informal bargaining refers to, or encompasses all instances of informal negotiations and interactions between management (or its representatives) and employees (or their representatives) at single enterprise, plant or shopfloor level. It is often at the latter level that most informal bargaining and interaction take place resulting in informal and tacit agreements, understandings, custom and practice.

Informal rules generated by these practices are normally not codified. Brown (1972) distinguishes between informal rules negotiated between work groups and foremen and viewed as legitimate because management accepts them and so-called customs which are merely the result of management oversight. His view of custom and practice differs from those of Flanders (1967) and Fox (1971) in that he does not view custom and practice as unilaterally worker regulated. Management, by accepting informal rules or by sheer oversight, contributes in the establishment of custom and practice. Clegg's conception of custom and practice comes closer to that of Brown's in that Clegg sees it as 'implicit in a whole range of working practices'; that the custom and practice status of some practices only arises when challenged, questioned or broken; that management can play a 'key part in establishing and maintaining it although workers will be guarding infringement upon it' and 'the fact that custom and practice can emerge without any conscious decision or intention' (Brown 1972:42-44).

Brown thus defines custom and practice tentatively as a 'transactional rule of job regulation that arises from informal processes' - more specifically from a 'process whereby management error or omission establishes a practice that workers see as legitimate to defend (1972:48 & 61). He concludes that custom and practice does not only represent a type of job regulation rule in much of industry, but it is used as a 'claim and an excuse in certain instances where

powerful work-forces interact with uncoordinated management'. In this sense, custom and practice does not originate from formal bargaining activities but is essentially the result or consequence of worker power and management error.

Some of these views are qualified by Batstone (1984). For example, custom and practice need not be solely or even primarily biased in favour of workers and managerial 'sins' of omission may reflect efforts by management to achieve ends in the face of possible employer non-participation. Given the usually uncodified nature of custom and practice, it can be expected of course to be highly fluid in nature.

Brown's reference to informal rules and custom and practice as a type of job regulation rule, points to an important aspect of informal bargaining i.e. that informal bargaining and interaction, as in the case of formal bargaining, essentially means the establishment of the normative regulation and control of the employment relationship. This view is also held by Hill (1974) when he argues for a central position to be attributed to the normative regulation of the employment relationship in analysing informal bargaining. As pointed out by him, rules governing employment relationships have often, notably by pluralists, been viewed as being generated solely by formal institutions of collective bargaining. This often results in the view of informal negotiations to be in 'conflict' with the formal institutional system. The generation of rules at the bottom levels of the firm, i.e. work group bargaining with management or the interaction of individuals with management/employer, is thus of utmost importance in interpreting shop floor behaviour (1974: 231).

→The formalisation of informal bargaining and agreements through the establishment of formal plant bargaining do not always do away with shopfloor negotiations and understandings. This seem to point to what Terry (1977) calls, the 'inevitability of informality'. These sentiments



are shared by Batstone (1984) i.e. that the expansion of 'formal' procedural and substantial rules do not lead to an inevitable increase in management's freedom over the use of labour. Some of the reasons suggested by him are the following: rules and agreements often encourage work place unionisation thereby building up expectations on the part of workers and shop stewards to gain more influence; the explicit statement of rules leads to greater visibility and thereby making it easier to challenge them; rules are general by nature and the application thereof provides greater scope for negotiations; new rules often embody particular conceptions of workers and of the wage-effort bargaining leading to increased 'bargaining awareness' among workers and also increases expectations of pay increases given the new industrial relations 'deals'.

Efforts to formalise informal negotiations and bargaining are often based on certain implicit assumptions. The basic tenet is that 'changes in the form of agreement (unwritten or written), or in the locus of their authorship or guardianship, do not greatly affect the way in which the contents of those agreements are perceived, acted upon or enforced' (Terry 1977:78). Terry's research on this issue leads him to conclude that workers may choose not to abide by a formalised system or negotiations and agreements for the following reasons: (1) workers may not like the new rules or feel that they can be improved upon, (2) workers may be more prepared to challenge formal rules because of a lower degree of commitment to the new rules because authorship has been removed from them and may feel a loss of control over their work lives, (3) given power and ability to exercise pressure, it can be expected that workers will in fact act accordingly and (4) the logical outcome of this resistance, pressure and lower level negotiations, will be informal rules and tacit understandings.

Admitting to the fact that this does not really answer the question as to why workers prefer informal to formal rules and why they do not apply their power and strength in

insisting that concessions made by foremen be formalised, he ventures some answers: workers can expect strong resistance from senior management which might jeopardise de facto concessions and secondly, informal rules imply certain advantages for workers. Informal rules and understandings allow the stronger party to behave in an unpredictable way thereby enhancing that party's power position relative to the other. The party which benefits in this way is unlikely to have the situation modified. Given these circumstances, Terry suggests the possibility of the 'inevitability of work-related informality' (1977:88).

In the final analysis, the shopfloor constitutes the source of informal practices which extend worker control over their work situation and lives. The viewpoint that informality in the work place is in some way 'inevitable' links with Hill's (1974) argument that informality and informal bargaining is no 'new' phenomenon although renewed interest may be interpreted as to imply this. It is rather a matter of informal bargaining being more visible in recent years due mainly to the development of 'greater managerial sophistication' since the early 1950's which exposed more clearly the workings of the informal system. Functional specialisation of management, especially the development of the personnel function, has also resulted in the greater visibility of shopfloor activities and may lead to managerial reassertion of control.

That 'custom' or 'informality' has always characterised industrial relations is a view shared by Clegg (1979:24-28) as well. In fact, he questions the unilateral power ascribed to employers of the past arguing that they were restricted by custom. Pay rates and work hours were primarily settled by custom and unions, the latter of which had 'come into being as protectors of custom'.

Given the distinctions made above and the definition of local bargaining proposed, the nature of local bargaining within the bargaining structures of a few selected countries

- including South Africa - will be assessed in the following two chapters.

## PART TWO

## THE NATURE OF LOCAL BARGAINING: A COMPARATIVE VIEW

The industrial relations systems and consequently the bargaining structures of different countries are not only extremely complex but vary markedly from one country to another due to a whole spectrum of variables. This diversity is recognised when Córdova (1978:423) says: '... anyone attempting to systematise the methods and practices of collective bargaining in industrialised countries cannot fail to be impressed by their diversity. Each country has evolved its own style of collective bargaining, reflecting its particular values and cultural characteristics'. This fact leads many writers to comment that any effort to compare countries' industrial relations systems or aspects thereof, involves a formidable task on the part of the researcher or analyst frequently resulting in a mass of unrelated facts and detail.

Writing on the pitfalls and potential of comparative industrial relations, Schregle (1981) points to some of these problem areas, for example, the importance of acknowledging the ever-changing character of industrial relations, the need to adopt a functional rather than a institutional approach, the problem of terminology laden with values, emotions, past experiences and future expectations etc. Industrial relations can only be understood if the way in which rules are established and implemented and decisions are made in a society is understood.

In spite of these potential problems associated with comparative analysis, most writers would agree that the identification of general trends concerning industrial relations and collective bargaining in different countries is not only possible but a meaningful exercise. Focusing on

collective bargaining in industrialised countries, Córdova (1978:424) concludes :

Given the fact that industrialised countries have a similar level of development and that collective bargaining has been practised in some of them for more than a century, it should be feasible to provide an over-all view of their experience, to discern some general trends and to discuss in global terms some of the more important problems.

He then proceeds to identify the following trends : (1) the 'remarkable' qualities of resilience, adaptability and strength characterising collective bargaining everywhere and enduring through all stages and circumstances - collective bargaining is seen to be well entrenched in countries with a market economy and where the economy is centrally planned; (2) the development of new and more sophisticated forms of bargaining; (3) an increase in bargaining levels as collective bargaining becomes more diversified in its functions and content; (4) the gradual development of a set of ground rules and procedures 'to provide for the orderly development of negotiations, to regulate certain pre-negotiation problems and to guarantee due process to all concerned'; (5) changes concerning the content of agreements given that bargaining has extended from wage and effort bargaining into work organisation, social welfare arrangements and other areas of management and (6) changes regarding the conduct of collective bargaining under conditions of inflation and recession resulting in greater intervention by the government with consequences for the voluntary character of negotiations (1987:424-437).

The identifications of levels at which bargaining is conducted in selected countries, is the rather modest aim of this section. To be more specific - the extent to which local bargaining (as defined in the previous section) receives prominence in various countries' bargaining machinery, will be identified. Focusing on levels of bargaining enables one to identify certain patterns of and

trends towards increasing centralisation or decentralisation.\*

The identification of trends is of course complicated by the nature of the issues being bargained over. They are normally, as a group, quite varied and thus contain centralising and decentralising elements which makes it particularly difficult to estimate the direction towards which particular industrial relations systems are moving.

However, these patterns and trends can be of heuristic value when analysing the bargaining structure within one's own country. Schrégle (1981:28-29) reaches a similar conclusion when he argues that 'international comparison of industrial relations makes us aware of the fact that the industrial relations system in our own country does not evolve in isolation but is in a way part of a worldwide evolution'. It also shows that 'industrial relations phenomena are a very faithful expression of the society in which they operate, of its characteristic features and of the power relationships between different interest groups'.

It follows from the above quote that the bargaining structures and the levels of bargaining of different countries should not be seen as isolated phenomena but as related to the specific circumstances pertaining to the country in question. Although this is recognised and acknowledged, the variables relating to the development of particular bargaining machinery in the respective countries will not be the main focus of attention in this section but will be taken up in subsequent chapters.

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\* As Córdova points out however, these terms may mean different things in different countries - a fact to keep in mind when evaluating trends in various societal contexts.

## CHAPTER 3

### LOCAL BARGAINING IN FOUR SELECTED COUNTRIES

#### 3.1 Introduction

In the light of the immediate foregoing comments on comparing bargaining structures, there remains the question of which countries to select for this purpose. Given that local bargaining and its nature is of central concern here, countries in which local bargaining is seen to have reached considerable prominence seem to be the logical choice. It is further argued that it would be more meaningful to select those countries which are seen to have reached comparable levels of industrialisation and the nature of whose economies may be broadly typified as that of market economies.

In terms of these criteria, the nature of local bargaining in the following four countries is outlined i.e. United States of America, West Germany, Japan and Britain while local bargaining in the South African industrial relations context is separately discussed in Chapter 4. The increasing prominence that local bargaining is presently enjoying, is reflected in the decentralising tendencies in the bargaining arrangements of many countries hitherto noted for highly centralised bargaining. These tendencies are also briefly outlined and commented on.

#### 3.2 United States of America

Most commentators seem to agree that the most outstanding feature of the United States' industrial relations system is the role played by the government in determining the collective bargaining structure. The role of statutory

control or regulation is seen to be more important in the United States than in any other country (Windmuller 1987). The law regulates not only the bargaining unit, but also the choice of union, the scope and content of agreements and the enforcement of these agreements. As Clegg (1976:109) correctly points out, the extent to which the law plays a role in regulating bargaining structures in a particular country is related to the state of collective bargaining in each country at the time of the original legislation. Referring to America, he argues that at the time of the New Deal in the 1930's, legislatures decided that collective bargaining was too little developed and the collective regulation of employment should be supported by the law.

As a consequence of this decision, a whole range of acts followed - the Wagner Act of 1935 being one of the most important. This act dealt with the parties to and conditions for bargaining, laying down the procedures for the registration of bargaining units and the recognition of bargaining rights (Jackson 1977:126). In 1947 the Taft-Hartley Act was passed, concentrating on/dealing with the consequences of bargaining. Through the Wagner Act, provision was also made for the establishment of a National Labour Relations Board (NLRB) which controlled the annual elections to determine which unions should be granted bargaining rights and to compel an employer to bargain effectively over a specific range of issues. Trade unions win by votes of a majority of their employees and recognition is thus achieved by ballot. Since the Wagner Act was passed, American employers have had the obligation to bargain in 'good faith' with the unions.

American unions had not been able to establish a firm grip outside a relatively small number of craft industries (Clegg 1976). Referring to the Wagner Act and the establishment of the NLRB, Windmuller (1987:111) notes that the role of the latter was particularly great in those situations where the parties disagreed on defining an appropriate bargaining unit. Where the parties however do agree, the NLRB will



eventually accept their decision on this issue. Certain factors are seen to guide this body in cases where disputes exist. Examples of such factors are the wishes of employees, the history of the bargaining relationship, the presence of a 'community of interest' among the employees in the prospective unit and the extent of the union organisation.

The consequences of the Wagner Act is recognised by Jackson (1977:126-127) when he says that 'although it would be erroneous to argue that collective bargaining would not have been extended at all had it not been for the Wagner Act it is worthwhile noting that collective bargaining covers a considerably higher proportion of the workforce than do the trade unions'. Not only has this particular Act resulted in extensive litigation over bargaining rights and bargaining units, but as many observers have pointed out, this Act has had an important impact on the level at which bargaining has traditionally been conducted and centred on in America ... i.e. the level of the firm and enterprise rather than industry and national - local bargaining being far more the centre of the formal system than it is in almost any other country (1977:127). This is seen to relate to the interpretation of the bargaining unit used by the NLRB resulting in a bargaining structure characterised by a high degree of decentralisation compared to other industrialised market economies. Andrew Thomson (1981) is quoted by Windmuller (1987:111) as concluding that the configuration of the United States bargaining structure of 1980 does not differ much from the abovementioned structure characterising the 1950's. The balance of the individual sectors of the economy is seen to have undergone some change however - notably the public sector.

In the United States, collective bargaining is predominantly plant bargaining. Most agreements concluded at this level is between a single trade union (also referred to as a local union) and a single employer. Some agreements are concluded at a higher level and are mainly company/single-enterprise agreements e.g. in the building trade.

These company agreements are often viewed as very important calling on national officers of unions to handle these matters. Agreements concluded at plant and single-enterprise levels thus constitute local bargaining representing the majority of all agreements concluded especially in the manufacturing sectors of the economy.

While multi-employer bargaining is not seen as a major factor in the manufacturing sector, it represents a substantial amount of bargaining at the regional level within the non-manufacturing sector of the economy. There is, however, no economy-wide bargaining between representatives of peak confederations of employers' organisations and trade unions, not even, as Windmuller points out, on occasional basis. Multi-employer bargaining is seen to exist primarily in industries which have the following features (Windmuller 1987:112):

- (1) where the number of individual enterprises is relatively large
- (2) the average number of workers per enterprise is relatively small
- (3) where enterprises are geographically concentrated
- (4) rigorous competition exists among enterprises
- (5) the rate of unionisation is above average.

It is suggested that in the above instances, multi-employer bargaining is likely to be important whether in the manufacturing or non-manufacturing sector.

Local unions are quite powerful given the predominance of plant bargaining and the huge, sprawling nature of America's geographical outlay. These tendencies have been reinforced by the very nature of the bargaining structure. It is argued by Clegg (1976:48) that while some union 'bosses' in the United States would have preferred to have power centralised in their hands, employers on the other hand have not been

prepared to concede to this. They preferred to conclude agreements at the plant level.

The day-to-day administration of agreements takes place in a manner that differs from the practice followed in many other countries. Given that the local union is the sole representative of all employees covered by the contract (both unionised and non-unionised), it has a decisive role in determining which grievances are to be raised as well as the terms of settlement. Given this autonomy, it means that there is little supervision on the part of the national union. The high degree of autonomy enjoyed by the local unions combined with their substantial resources contribute to the most striking feature of American trade unions i.e. their factionalism.

Local agreements are tailored to the specific circumstances of the individual enterprise or plant. These agreements almost always include an 'elaborate dispute procedure' to apply and interpret the clauses contained in the agreement. The supervision of the applications of the standards set by the agreement between management and the local union is the responsibility of the shop stewards who act as representatives of the union in the work place. These shop stewards are organised in committees and chairmen or senior stewards and constitute an integral part of the plant, spending most of the working time attending to union business. Besides the administration of the application of terms of agreement, shop stewards have the important job of 'raising grievances' in cases of infringement of standards by means or through the grievance process (Clegg 1976:61). The functions of the shop stewards are determined in the main by procedure agreements under which they operate and not so much by the rules of the union.

Given that agreements run for a fixed period (2 to 3 years),\* shop stewards, as work place representatives, may

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\* Cullen (1985:307) reports that the share of major contracts running for less than two years declined from

only supervise the application of agreements and are not formally able to change it. However, the grievance process plays a significant role in this respect. While the grievance process has the main functions of adjudication and administration, its functions are often extended by workers and their representatives to include informal shopfloor negotiations resulting in informal shopfloor agreements. This can lead to a situation where workers or their representatives can succeed in 'bending' or modifying substantive agreements by using the grievance procedure to bargain. If successful, they can 'bend' the agreement in their favour and in the process, come very close to an improvement in the agreement rather than just an interpretation and application thereof. The American employer can negotiate such improvements for, as Clegg points out, he is usually operating under his own agreement. In the light of the above, it is clear that a substantial amount of shopfloor bargaining takes place through the grievance process.

The significance of the grievance process in bargaining activities is accentuated by Kuhn (1967:263):

While the grievance process is not unique to American industry, its role in collective bargaining is. In no other country are unions as active and vital in the local shop or at the place of work as in the United States. Through the various grievance activities workers can meaningfully participate in local negotiations and administration and also engage in bargaining. They can exert effective influence over their work lives, control their immediate and local union representatives, and protect their job rights from arbitrary, impersonal demands of management.

Thus, while grievance work can 'help to solve personal and individual grievances or essentially superficial group-grievance problems growing out of misunderstandings and lack of knowledge', it cannot really solve the 'conflict of

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34% in 1956 to 2% in 1980, but increased again to  $\pm 25\%$  in 1982/1983. The shortening of contract duration is seen to reflect the reaction of negotiations to the turmoil and uncertainty of the early 1980's.

expectancies that arise from the appreciation by workers and by union and management representatives of their position in and power over the work process' (Kuhn 1961:112-113). Collective agreements (formal agreements) are often incomplete and lack validity and legitimacy in the eyes of those groupings whose expectations and power are ignored within the negotiating organisations. Referring to the steel and automobile industries in particular, Livernash (1967:44) also comments on the limitations of the grievance procedure in solving workers' problems. He cites evidence of 'greater reluctance to accept the decision of grievance and arbitration process' and suggests that grievance process has become too formal and removed from employees as 'not to be a sufficient outlet for employee complaints'.

The grievance process thus allows both parties - management and union - to 'carry on a sort of continuous collective bargaining daily to solve mutual problems of work and production, and jointly to administer a wide array of plant or shop affairs' (Kuhn 1967:252). As Clegg remarks, if the grievance procedure is used to settle domestic issues outside the scope of formal agreements, 'it goes beyond the scope of a grievance procedure into the realm of plant bargaining'. Thus under American plant bargaining, 'there is nothing to stop unions and employers signing an agreement on any domestic issue which both of them are willing to regard as negotiable' (1976:90).

As to the subjects covered by the formal agreements, Cullen (1985:306) states that in unionised factories, the agreement usually covers at least the following subjects: the scope of the bargaining unit, union security, management rights, wages, fringe-benefits, discipline, grievance procedure/process, contract duration, strikes during contract, the role of seniority in lay-offs, promotion and recall.

Given that negotiations take place at plant and single enterprise level between local unions and the employer and, given that shop stewards and workers engage in informal

shopfloor negotiations, most observers conclude that in comparison with most other industrialised market economies, the bargaining structure of the United States has been characterised by a high degree of decentralisation in the past. It is also suggested that this will continue to be the case for the immediate future. Despite this conclusion, there were/are efforts being made to reverse this pattern or trend. Cullen for instance, cites examples of employers who have been seen to push for broader bargaining units over union opposition - especially in the construction industry. In this case, management felt at such a disadvantage that the major contractors' association urged Congress to adopt legislation that would actually require coalition bargaining in this particular industry. This would entail a government agency in fact ordering a merger of existing units to cover several trades and cities under a single contract. He also mentions the printing industry where employers have tried but failed to establish multi-union bargaining in New York City (1972:521-524). The foregoing are obvious examples of pressures towards more centralisation. These attempts have been resisted by management and labour in some instances. There are, on the other hand, also instances where tendencies towards greater decentralisation can be identified. Here the formal bargaining units have remained the same but decentralisation of power has occurred within the unit.

### Summary

Local bargaining is thus firmly institutionalised in the United States and characterises most of the bargaining taking place. This holds especially for the manufacturing sector of the economy. In the non-manufacturing sector, multi-employer bargaining (industry-wide) at the regional level seems to be substantial. Given the above, one can, with a fair amount of justification, conclude that the bargaining structure of the United States is decentralised

to such an extent that local bargaining represents the most prominent level of bargaining. This is in spite of tendencies towards concentration of business organisation and concentration in the union structure. Windmuller (1987:113) quotes the following statement by Barbash (1984):

... the tendency here is towards decentralising bargaining structures away from large industry and multi-employer units, to bring bargaining closer to the circumstances of the individual employer and plant.

In other words, the bargaining structure is moving to more rather than less fragmentation. Exceptions remain, for example, the maintenance of industry-wide bargaining in the coal-mining industry.

The characterisation of the American bargaining structure as a highly decentralised one, not only follows from the fact that formal bargaining is primarily conducted at the level of the enterprise and plant but, that informal negotiations on the shopfloor take place between workers or shop stewards and foremen or managers within plants. These negotiations and bargaining activities are very much part of the extended function of the grievance procedure and process and often result in the modification of formal agreements.

### 3.3 West Germany

In some ways, Jackson (1977:129) notes, collective bargaining in Europe reflects a mixture of British and American styles. Bargaining, for example, is based on national negotiating machinery as in Britain rather than local bargaining characterising the United States. This trend is especially true for Germany where bargaining is primarily seen to be conducted at industry level. As will be shown, however, local bargaining (plant) has become increasingly important in recent years.



Regarding the legal framework within which industrial relations operate, it resembles clearly that of the United States. The legislation laying down the principles of collective bargaining in West Germany has not been modified or seriously challenged in recent years (Fürstenberg 1987). Germany's Constitution of 1949 has provided the basic democratic principles to society as a whole and these have been extended to the sphere of industrial relations. In other words, provisions establishing freedom of association, the right to withhold labour and bargaining autonomy are embodied in the Constitution. The basic rights and obligations of the parties to negotiate are governed by the Collective Agreement Acts of 1949, 1952 and 1969. These Acts have established that collective agreements are legally binding and circumscribe workers' right to strike. The bargaining autonomy of the relevant parties has not been restricted by Government since World War II and the Government has in effect tried to strengthen the bargaining autonomy of the relevant parties. This places quite a heavy burden of public responsibility on these parties but indications are that they do not object to this responsibility (Reichel 1971). Clegg (1976:16) substantiates this remark by pointing to the fact that the German union leaders, in contrast to the French, unquestionably regard the negotiations of agreements as their central function and take these obligations very seriously.

Turning to the bargaining structure and the levels of bargaining, the general opinion is that these aspects have remained relatively unaffected by the economic downturns of the 1970's and 1980's (Windmuller 1987:99-101). There remain basically two levels at which bargaining takes place i.e. industry level bargaining and plant or work place bargaining. Bargaining at the level of industry is frequently also called regional level bargaining because more often than not, industry bargaining is divided by region. Legislation covering bargaining at this level is the Collective Agreements Act of 1949 as consolidated in 1969. According to this law, the parties eligible to participate



in negotiations of the terms of agreement are trade unions (affiliated to one of the four workers' organisations) and individual employers or associations of employers.

In practice, bargaining takes place, region by region, between the regional organisations of employers' association for a particular industry and the regional body of a national union for that industry (Windmuller 1987; Fürstenberg 1987). Agreements concluded at regional level can lead to pattern-setting in that agreements reached in one region tend to set a pattern for the others, particularly if the relevant region entails leading segments of the industry. Master-agreements are also signed by industries to guide regional settlements. But what is of more importance, is the fact that the national headquarters of the two sides determine the lines on which negotiations are to be conducted and national officers are present at regional negotiations (Clegg 1976:48-49).

However, there are certain deviations from the general norm of regional industry bargaining: Firstly, some industries negotiate agreements on a truly national basis e.g. building construction and secondly, bargaining between individual enterprises and unions results in about one third of all agreements. The parties on the employer side are mostly small firms which do not belong to the employers' association for the particular sector (Windmuller 1987:99-100). An example of enterprise bargaining in very large firms, is the Volkswagen Company which has negotiated its own agreements for a very long time.

Regarding future trends, Windmuller suggests that the extension of bargaining involving individual enterprises, particularly the larger and more profitable ones, by several unions, is a realistic possibility. One could, however, expect resistance on the part of some employers and their respective associations because this will lead to enterprises offering terms of employment that are better than minimum terms settled at industry level. Some unions

could also be expected to resist such trends fearing the effects of enterprise bargaining on the workers' solidarity. One group (workers) could be successful in extracting more favourable terms of employment from profitable enterprises while others do not.

A second and very significant level at which bargaining takes place, is the plant or work place level. On the level of the individual plant, relations are handled by managers and so-called works councils the latter being elected by employees. In contrast to industry/regional bargaining a basic spirit of co-operation characterises the relationship between management and works councils at the individual plant level. The relevant Act is the Works Constitution Act dating from 1952 establishing works councils in all joint stock companies with over 500 employees (Jackson 1977:130). This act determined the following (Windmuller 1987:100):

- (1) mandated the establishment of elected works councils in virtually all establishments and the extensive rights to participate in management
- (2) many of the rights are only implemented through collective negotiations. One of these rights include the conclusion of so-called 'works agreements'
- (3) according to the Works Constitution Act of 1952, there are limits in the extent to which these councils, as distinct from the trade unions, can negotiate with the employer on the conditions of work and the conclusion of agreements. In practice, however, these limits have been exceeded in that it covers hours of work, breaks, time and place of wage payments, the establishment of the holiday schedule, vocational training, administration of welfare facilities at the plant or single enterprise level and workers' conduct in the plant/enterprise. Other matters have also received attention e.g. the fixing of time and piece rates, principles and new forms of remuneration, evaluation of new jobs etc. Wages are not usually dealt with at this level but in so-called collective agreements concluded at the industry/region level (Reichel 1971:478). An overlap between these two agreements must of course be avoided and the law determines that works agreements shall not deal with remuneration and other employment conditions that have been or are normally fixed by collective agreement. Unions especially, have insisted on this restriction.

It must be noted that works councils are not trade union bodies at law, for workers are entitled to vote and to stand for election regardless of whether they are members of trade unions. While the majority of councillors are normally trade unionists, the councils are not integral parts of the trade union machinery. Quoting Clegg (1976:58), 'their powers come from the law, not from the unions'. While full-time union officers may attend council meetings when invited, they have no right to instruct the council or intervene in any dealings with management.

The relationship between works councils and unions becomes clearer when note is taken of the presence of trade union shop stewards in the plant. The latter's main function is to represent the union and focus on the recruitment of members and communication between employees and the union. But of greater significance is the fact that shop stewards, although representing the union, have no official function in collective bargaining. If grievances should develop, shop stewards must settle this with the relevant foreman. If they fail to settle the dispute it must be handed over to the works council. What is clear from this, is the fact that the works council represents the official dispute machinery in the plant while the shop stewards occupy a subordinate position within the plant. This fact has led many observers to conclude that German trade unions are especially weak at plant level.

The co-operation and encouragement that works councils have been receiving from managers have led them to avoid strike action as this may be seen as to undermine workers' interests. Councils often stand aside when unions call for strikes and even make their disapproval known. Managers also often grant councillors privileges over and above legal requirements which contribute to greater co-operation and fostering the notion of a 'works community'.

## Summary

Bargaining in West Germany is predominantly conducted at two distinct levels i.e. industry-regional and plant through works councils. Negotiations on a regional-industry level takes place outside the enterprise or company and is generally seen to be adversarial and characterised by a collective confrontation of labour/capital interests. Local bargaining (within plants) is seen to be essentially integrative and co-operative in nature and characterised by an employer/management orientation. The nature of the relationship between these two levels is of special importance and 'one of the continuous questions in the industrial relations system of the Federal Republic of Germany' (Windmuller 1987:101). Jackson for example, suggests that from the point of view of collective bargaining, the most important implication of the work undertaken by the councils, is the extent to which they can lead to a split in collective bargaining between the national and local level. This could very likely occur in the German case as unions do not have representation in works councils. Works councils could come to be seen as an alternative to the union (1977:131).

While unions and works councils have been seen to complement one another in the past and a delicate balance has been maintained between the two, it is extremely difficult to predict future developments concerning this relationship. Unions could, for example, as has also been suggested, come to dominate works councils resulting in works agreements supplementing industry/regional level bargaining rather than constituting independent and autonomous agreements. This process may, in the view of Windmuller, 'be aided by the fact that an increasing number of industry-wide and regional agreements now include a so-called "opening clause" which explicitly recognises the possibility of adapting the collective agreement to the plant level' (Windmuller 1987:101 quoting Günter & Leminsky 1978). If such a pattern should become the norm, it will result in unions becoming

much stronger at the work place, corresponding to the British situation, and local bargaining, by means of works councils, becoming less autonomous and independent.

Concluding our remarks on works councils, something may be said regarding the idea/notion of industrial democracy. Do works councils and their functioning represent a form of industrial democracy? Following Clegg (1976:93), works councils are probably the most effective mechanisms for fulfilling the aims generally ascribed to joint consultative committees - that is, to increase co-operation between managers and workers and to discuss those issues not normally formally negotiated about. This follows from the fact that works councils actually function as agencies of bargaining when they negotiate agreements in the plant within a context of co-operation and mutual acceptance. Thus, says Clegg, 'the functioning of the works councils as instruments of industrial democracy may be said to reflect the West German system of collective bargaining which grants wide negotiating rights to the councils' (1976:93).

In terms of our definition of local bargaining, the negotiations between works councils and managements at the intra-plant level does not represent the only form of local bargaining within West Germany. The other form of local bargaining is represented by the already noted negotiations taking place between individual enterprises or companies and unions. These negotiations, as pointed out, culminate in an estimated one third of all agreements and there seem to be indications that this type of local bargaining will be extended in the future.

From the above, one could therefore conclude that while industry/regional level bargaining may be seen as the predominant type of bargaining taking place in Germany, local bargaining (through works councils and single enterprise/company) represents a significant and substantial proportion of negotiations being conducted. It might even be that local bargaining will become increasingly important in

the future depending on a variety of considerations, notably the future profitability of enterprises and the economy at large.

### 3.4 Japan

Japan has managed to cope with recessions, inflation, large-scale unemployment and major industrial action from 1974 through to 1979 (Shirai 1987:241). Credit is usually given to Japan's industrial relations system for facilitating the adjustment of the economy to changed circumstances. It is especially contributed to the role of collective bargaining complemented by an effective joint consultation system. Collective bargaining is seen to have not only settled disputes but functioning as a channel for communication between management and labour as well. Collective bargaining has, in the words of Shirai (1987:242), 'acted as a powerful pillar of support for the national economy in the past critical decade.' As a procedure for determining wages and other employment conditions in large companies within the private sector, collective bargaining is seen to have been firmly established in Japanese society. It is also expected that the pattern of collective bargaining will become even more systematic as unions and managements mature.

In discussing the development of collective bargaining, Shirai observes that before World War II, the concept of collective bargaining was alien to Japanese cultural values, attitudes and the customs regulating employment relationships. The employer made unilateral decisions regarding this relationship and conditions of employment were regarded as not negotiable. He also mentions that even now, in smaller and medium-sized companies, there are often no formal agreements - only so-called gentlemen's agreements, the reasons being that many managers still resist committing themselves on paper and unions not being quite familiar with the process of negotiating an agreement

and contract. There has been a steady increase, however, in the conclusion of such agreements (1987:249).

In terms of agreements concluded and number of workers covered by them, the most important level of bargaining in Japan is still that of the individual enterprise. This is seen to reflect the stability of the Japanese bargaining structure over time. Bargaining thus takes place between an enterprise union and the management of an enterprise. Even if these unions are affiliated with national or industrial union federations, they function in an autonomous way and are self-sufficient bodies. An enterprise union has two main features (Mitsufuji & Hagiwara 1972:135-136). Firstly, it organises all workers, whether white or blue collar, professional and technical - who are employees of an undertaking operated by a single management. There are of course, certain exceptions to the rule. Workers may form several unions within the same undertaking along job or craft lines or several unions co-exist within a single undertaking as a result of a merger of two or more companies. In large concerns, unions may be organised within each establishment (known as 'locals') and forming federations for the undertaking as a whole.

A second feature of the enterprise union concerns membership. It is only open to permanent or regular employees of the undertaking. Temporary workers are usually barred from the union and excluded from the application of the collective agreement. In limited cases, temporary workers have organised in unions but more often than not, they have nobody to represent their particular interests. Union officers are normally elected from the regular employees of the enterprise and during tenure of office, they usually retain their employee status but are paid by the union (Shirai 1987:242).

Enterprise unions thus have succeeded in establishing themselves as the key organisations in a bargaining structure very much characterised by decentralisation.



Accounting for this situation, certain factors can be identified: the Japanese workers' close attachment to the enterprise, especially in larger manufacturing companies, the role of the enterprise as a social community and the resistance of Japanese management to collective bargaining conducted at levels beyond that of the individual enterprise or company. As in the case of the local unions in the United States, enterprise unions are also characterised by a high degree of autonomy, especially regarding the shaping of the terms of employment under which workers are employed (Windmuller 1987:24).

Returning again to the formation of union federations, Shirai (1987:242-243) points out that the role of these union federations has increased in importance over the last decade. The national trade union federation functions to co-ordinate the actions of their affiliates in support of wage increases or other demands, the handling of grievances, to determine general policies and serve as centres of information to the unions. These National Union Federations do not, however, participate in collective bargaining. A similar relationship is seen to characterise the enterprise and employers' associations. Most enterprise managements engage in bargaining without the participation of their respective associations (Windmuller 1987:105). Both these bodies (National Federation and Employers' Association) often meet with government officials in order to exchange views, present demands and to criticise economic and social policies which are seen to be in conflict with the interests of their members.

There exist, apart from the National Trade Union Federations, so-called Industrial Federations - that is, industry-wide federations of enterprise unions. They are not allowed to participate in bargaining directly with the enterprise either (this also holds for the industrial associations of employers). Shirai (1987:243) stipulates the role of the officials of industrial federations of unions as formulating union demands and policies in enterprise



bargaining, synchronising industrial action, checking starting/expiry dates of agreements and exchanging information with affiliated unions as well as unions in other industries. The restricted and vaguely defined role of the industrial federations and employers' association is seen to be the result of the following: (1) affiliates cannot be forced or coerced to part with their bargaining rights and (2) matters that are negotiated at the industry level tend to be very general and limited resulting in the need for detail application of principles at the level of a particular enterprise (or plant). This has to be negotiated, in the final analysis, between the enterprise union and the management of the firm concerned.

While bargaining predominantly takes place at the single enterprise level and one can apply the concept or notion of decentralised bargaining structure, there are certain exceptions to be taken note of (Windmuller 1987:106; Mitsufuji & Haggisawa 1972:136-137):

- (1) multi-employer or multi-enterprise bargaining regularly occurs in certain sectors of the economy e.g. shipping, coalmining, chemicals, textiles and privately owned railways;
- (2) informal bargaining taking place at industry level e.g. iron and steel, shipbuilding, automobiles. This, Shirai says, has been an important development since 1973 (termed *de facto* bargaining) and is seen to be a further impetus to the nation-wide annual spring wage offensive. In these negotiations the representatives of industrial federations do not negotiate as bargaining agents for the affiliated enterprise unions, but negotiate annual wage increases informally and directly with top management of leading corporations. Important is the fact that any agreements must still be finalised and implemented at the enterprise level (1987:243);
- (3) the existence of tripartite and bipartite discussions resulting in indirect centralisation. The modifications and exceptions listed above are obviously representing trends towards greater centralisation. Commenting on the increasing importance of *de facto* industry-wide bargaining in the major metal industries, Shirai (1987:244) argues that these negotiations have not only instituted a gradual trend towards centralisation of collective bargaining in Japan, but it has also strengthened the cohesion, authority and prestige of

the national and industrial trade unions, federations and employers' associations.

Within the Japanese context, local bargaining is viewed as having certain advantages as well as disadvantages. Its merits are: (1) it enables the parties to relate conditions of work and employment closely to the actual operation of the undertaking and to deal with them in a pragmatic way; (2) all problems arising at the work place can be accommodated in a comprehensive way within the industrial relations system of the enterprise resulting in discussions of all relevant issues; (3) it makes the coping with technical changes less of a problem and (4) the power relationship between labour and management centres on the enterprise resulting from the 'propensity' of the Japanese to organise vertically according to traditional social relationships (Mitsufuji & Hagisawa 1972:141-142).

In spite of the above merits, local bargaining, according to the above authors, also suffers from defects: (1) it encourages a somewhat blinkered view of wider interests; (2) given that union members' interests are closely bound up with those of management, employees are unlikely to act 'militantly' and (3) the restriction of union activity to the individual enterprise/undertaking, makes it difficult to organise an extensive attack on employers at the industrial or national level.

They conclude, however, by suggesting that enterprise bargaining remains well suited both to Japanese business conditions and to Japanese social concepts.

Regarding the scope of enterprise bargaining, no formal definition can be given and the range can be very wide covering practically every issue relating to work and employment conditions. Wages and bonuses are seen to be the obvious or main subjects for collective negotiations. The distribution of benefits of increased productivity, reduction of working hours, longer holidays and leave with

pay have increasingly become bargaining issues. There is a general tendency for issues that were formally decided on by management only, to be included now. Personnel issues e.g. transfer of employees, dismissal, retrenchment etc. constitute important items for collective bargaining although disputes about the negotiability of these items have arisen. The questions of management policies, production plans etc. are also discussed although, as Mitsufuji and Hagisawa (1972:137) point out, these are normally referred to joint consultation bodies.

Collective agreements cover a lot of ground and the issues for which provisions are made, are: (1) defining the scope of application of the agreement; (2) status of the union; (3) conditions of work; (4) personnel matters; (5) labour disputes; (6) grievance machinery; (7) period of validity of agreement and procedures for its renewal.

As was noted in a paragraph above, certain issues are referred to joint consultative bodies. Joint consultation machinery has been established in undertakings to handle sensitive problems instead of handing it to collective bargaining directly. Joint councils are established at the level of the undertaking, factory or workshop and consist of an equal number of management and officials of the enterprise union. There is not always a clear line drawn between collective bargaining and joint consultation and an overlap of issues can exist. Where issues relate to conditions of work, joint consultation can be a substitute for collective bargaining. This is seen to be especially possible in medium and small undertakings/enterprises where unionisation is not well developed. In some cases it can undermine unions and collective bargaining while in other instances, it can and has served as a stepping stone to collective bargaining.

It is suggested by Mitsufuji and Hagisawa (1972) that, with the maturation of industrial relations in Japan, the role of joint consultation vis-à-vis collective bargaining may

come to play an independent and supplementary role. They are of the opinion that this has already happened to a large extent.

Shirai (1987:250-251;1984:316-318) concludes his discussion of recent trends in collective bargaining in Japan by discussing future prospects which, according to him, are less bright. The following reasons are presented for this rather pessimistic and dim outlook:

- (1) Because of the difficulty of expanding union organisation in the future, the coverage of collective bargaining is unlikely to grow. The steady decreasing of union organisation in the past years is attributed to factors of prolonged recession, the drop in employment, changes in technology, the composition of the labour force etc.
- (2) Given the above structural changes, the power of the unions to strike will be increasingly circumscribed. Unions in the traditional 'strike prone' sectors of the economy are being undermined by the development of new service and information industries which are, as a rule, poorly organised thereby restricting the role of the union.
- (3) The role of joint consultation machinery has already been referred to as well as its implications for the role of collective bargaining i.e. relegating it to a minor role. This could, however, lead to frustration among the rank-and-file because they do not always participate directly in decisions reached by consultation.
- (4) As long as enterprise bargaining remains the prominent level of bargaining, wider structural problems will not be resolved. This holds especially for the problems concerning the rapid ageing of the labour force. This problem is seen to be beyond the reach of enterprise bargaining and only to be successfully handled at the level of industry or so-called nation-wide collective bargaining or 'by a united political stand on the part of the labour movement, the prospect of which do not appear favourable in view of the power structure, political divisions and ideological conflicts that still persist in the Japanese union movements' (Shirai 1987:251).

## Summary

The Japanese bargaining structure is seen to be decentralised as bargaining is conducted primarily at the level of the enterprise. The parties conducting negotiations are the enterprise unions who function in an autonomous way and the management of a particular enterprise. In addition to formal enterprise level bargaining, informal negotiations also take place resulting in what has been called 'gentlemen's agreements' - this being the case in smaller and medium-sized enterprises. From this, it can be concluded that local bargaining is the predominant type of bargaining in the Japanese society. Local bargaining is supplemented by the functioning of joint consultative councils at the level of the enterprise, plant or workshop - sometimes resulting in an overlap between collective bargaining and consultation. The latter may even come to substitute collective bargaining in those cases where unions are not especially powerful.

In spite of the predominance of local bargaining, there are certain indications that more centralised bargaining may be the trend of the future, especially regarding certain sectors of the economy. As multi-enterprise or multi-employer bargaining has been an established practice in, for example, shipping, coalmining, chemicals and textiles etc, one can, with a fair amount of certainty, predict that these practices will continue. The increasing importance of de facto bargaining (or informal bargaining) at industry level in the iron and steel industries, shipbuilding and automobile industries, also represents a trend towards greater centralisation of the bargaining structure. The strategic position occupied by iron and steel industries within the Japanese economy has for obvious reasons contributed towards centralisation tendencies. This trend towards centralisation may also be attributed to the fact that local bargaining has not been successful in coping with certain structural problems being experienced by the

Japanese economy - notably the rapid ageing of the labour force.

It can be expected that enterprise managements as well as enterprise unions will resist these trends as they will have to relinquish their autonomy and power over the bargaining process. For now, however, local bargaining represents the dominant type of bargaining in Japan.

### 3.5 Great Britain

Britain is usually viewed as the country whose industrial relations is less regulated by law than any other industrialised country (Roberts & Rothwell 1972:543). The role of government has in the past been that of establishing a legal framework within which collective bargaining should be carried on as freely as possible. This view is shared by Clegg (1979:290), when he quotes Otto Kahn-Freund writing in 1954: 'There is, perhaps, no major country in the world in which the law has played a less significant role in the shaping of (industrial) relations than in Great Britain and in which today the law and the legal profession have less to do with labour relations.' As Clegg rightly points out, this remark remains essentially true today but for reason of the second part of the above quote. Since the 1960's, and especially with the passing of the Industrial Relations Act of 1971, far-reaching changes have taken place not only with regard to the legal framework regulating collective bargaining but bargaining levels, employment, membership and power of unions as well.

In spite of all these changes, Roberts (1987) and others conclude that industrial relations may still be seen as primarily based on collective bargaining arrangements voluntarily accepted by parties without extensive state intervention. In contrasting the British model of collective bargaining with its United States counterpart, Jackson

(1977:126) refers to the fact that 'generally unions and employers have been left to establish their own bargaining machinery'. In the light of increasing government intervention, also through various forms of incomes policy which have sought to control market forces, some observers have given new meaning to the term 'voluntarism'. The latter is now interpreted as unions having to exercise their power within legal boundaries setting limits to the freedom of unions to, for example, strike and picket (Roberts 1987:281). All of the above, Jackson argues, does not mean that government has played no role whatsoever prior to the 1960's. He, in fact, lists and discusses legislation to substantiate his argument. Rather, he says, 'it implies that the State has played a restricted role and crucially, has tried to keep industrial relations and trade unions away from the Courts' (1977:228).

Intervention by the State is closely related to the particular government of the time. Clegg (1979:289-290) comments as follows:

(By contrast), changes in state intervention, which have been concentrated in the years since 1960, have not followed a steady trend. Instead there have been violent fluctuations as one government succeeded another, or as a government has revised its approach halfway through its term of office. No one can be sure what will be promised at future general elections by way of new approaches or restoration of old practices.

The Industrial Relations Act of 1971 was introduced by the Conservative Government who had come to power in 1970. This Act covered a variety of topics and at a number of points provided for the use of legal penalties 'to counter "unfair industrial practices", to enforce a "cooling off" period and to enforce the call for strike ballot' (Jackson 1977:242). With the election of the Labour Government in 1974, the 1971 Act was repealed. Thereby the total immunity which the unions had from legal action by employers, was once again restored. The balance of power was tipped in favour of the unions in that they were given support in gaining



recognition and securing improvements in minimum pay. Individual employee rights were further extended. By that time, however, the British economy was experiencing lack of growth which meant that pay-levels achieved by unions through collective bargaining could not be sustained. The government could not comply with unions' demands for social welfare and public services. This resulted in the Government securing a social contract with the unions that would restrain the latter in their demands (Roberts 1987:281-282).

Tension, however, mounted between the unions and the government leading to the Conservatives winning the 1979 elections. Between 1979-1983, the Government took drastic measures to cope with general recession, rising unemployment and increasing inflation by trying to encourage investments, improve productivity, etc. By 1982, inflation fell to less than 5% and real wages continued to grow. The Conservative Government was re-elected in 1983. Given the policy measures mentioned above, one can surmise that the balance of power had tipped again in favour of the employers. These policies, and those to come, can be expected to have an influence on the evolution of collective bargaining in Britain.

Turning to the collective bargaining structure of Britain, observers seem to agree that the bargaining structure has become very complex and diversified especially during the last decades. Focusing on the choice of bargaining units as an indication of the complexity of collective bargaining and the mixture of levels at which bargaining takes place, Brown (1981:5) argues as follows:

At various times and places in British industry almost every possible form of bargaining unit has been used. Sometimes the employers in an industry have formed an association, either on a regional or nationwide basis, in order to negotiate terms. At other times individual employers have gone their way but have differed in the extent to which they have dealt uniformly or separately with all the establishments in their company. The most typical outcome of this varied historical development is a mixture of bargaining levels. Thus whether an item is fixed by an industry-wide agreement at one extreme,



or by a workshop one at the other, varies both with the issue and with the group employees in question.

Essentially making the same point, Daniel and Millward (1983), as quoted by Windmuller (1987:101), formulate as follows:

There are negotiations between employers' associations and trade unions at the national or industry level. There is bargaining at the company level between a particular employer and the trade unions he recognises. ... At lower levels, multi-employer bargaining sometimes takes place at regional or district levels and company bargaining at divisional levels. Beyond that there is often a further stage of negotiations at the workplace. ... Frequently there remains a final level of bargaining at the shop floor level.

The present bargaining structure and levels must be viewed against important developments in Britain's past of which the already mentioned role of the government is one. The historic development of bargaining structures and levels can be briefly summarised:

It is generally accepted that major growth in collective bargaining only took place by the middle of the 19th century, being well established by the end of the 19th century in two groups of industries and occupations (Jackson 1977). Firstly, there was the skilled trades e.g. shipbuilding, engineering, building, printing, etc. and secondly, the group consisting primarily of piece work occupations in coalmining, iron and steel, cotton textiles, boot and shoe, hosiery and lace industries. Although there were some beginnings at extending negotiations to industry and national bargaining, by 1914 bargaining was still predominantly local i.e. town, district and region based. During World War I and immediately after, Britain increasingly became a country of industry bargaining and agreements. Various reasons for this development is suggested: (1) the rapid increase in the cost of living during the war meant the constant adjustment of wages. The separate settlement of rates (according to town, district,

etc.) was seen to be unnecessary complicated; (2) given that the government took over many industries during the war, it meant one central employer who would prefer to negotiate on a national basis; (3) the introduction of legislation in 1915 (Munitions of War Act) prohibiting strikes and lock-outs and introducing compulsory arbitration throughout a wide range of industries thereby encouraging bargaining on a national basis; (4) suggestions were asked of the Whitley Committee for securing a permanent improvement in the relations between employers and workmen and making recommendations for future industrial relations (Jackson 1977:123-124).

In the light of the above points, it is clear that the government had played a significant part in this shift of bargaining levels. This point is also made by Banks (1974:31-32) when he refers to the establishment of Whitley Councils and the promotion of joint industrial councils in all sectors of industry. Thus, by 1918, most of the vestiges of former regional and district bargaining had disappeared. This trend towards centralised bargaining characterised most bargaining taking place in the period between the two World Wars. But yet another shift was to take place. By the end of the Second World War, agreements negotiated at the plant or enterprise level were increasingly gaining momentum leading to the 'process of erosion of industry-wide negotiations' (Roberts & Rothwell 1972:545). The development of plant and enterprise bargaining was especially noted in a large part of the manufacturing and processing industries. Britain, after World War II, was thus known as a country of two-level bargaining. Windmuller (1987:101-102) states: 'Even before the onset of the current economic difficulties in the 1970's, the importance of industry-wide bargaining had begun to diminish considerably and the significance of bargaining at enterprise levels (or sub-enterprise levels) had become to increase'. Clegg (1976:50) refers to the development of fragmented bargaining at the work place to supplement industry agreements leading to the growth of two-level bargaining i.e. industry agreements setting minimum

conditions and the actual standards being negotiated at the work place.

In order to fully understand the development of local bargaining (plant, enterprise or bargaining at the work place) during the post-war era, the circumstances leading up to the appointment of the Donovan Commission and the subsequent recommendations have to be looked at briefly. Bargaining at local levels has been seen to have developed in the context of industrial relations procedures based on 'custom and practice' (Roberts & Rothwell 1972:551) - procedures which were, as will be pointed out, severely criticised by the Donovan Commission. The background to the appointment of this Commission can be briefly sketched. By the 1960's, the virtues of so-called 'free' collective bargaining in Britain were increasingly being put to question. The increase in the strike rate which was seen as damaging the British economy, was attributed to 'free' collective bargaining. This growing concern was an important impetus to the establishment of the Donovan Commission in 1965/1966 leading subsequently to the publication of recommendations in 1968.

As pointed out in Chapter 1, Allan Flanders featured prominently in evidence submitted to the Commission and his publications during this time were numerous. In the words of Jackson (1977:142), the 'discussion of local bargaining in Britain owes a great deal to the work of Flanders'. Flanders (1970:168-173) focused on the development of work place negotiations during the years after World War II. According to him, there were certain shortcomings regarding the industrial relations system - one being found in the prevailing institutions for conducting industrial relations at the place of work. There was no orderly method for arriving at agreed rules and decisions in matters of mutual concern at the work place. Negotiations at the work place between shop stewards and management were increasingly seen to be fragmented in nature, informal and autonomous. It was fragmented because negotiations were conducted in such a

manner that different groups in the work situation secured different concessions at different times. It was informal in that the regulation of the employment relationship was mostly unwritten and uncodified and it was autonomous because neither the unions nor employers' associations had any control over these negotiations. Symptomatic of these features were, according to Flanders, the increase in the rate of unofficial strikes and the wage or earnings drift.

The development of work place bargaining was seen as a haphazard one resulting from pressures operating in the existing system of industrial relations. While the autonomy of work place bargaining was seen to challenge unions and employers' associations and 'an obstacle in making a national incomes policy work', the informality and fragmented nature thereof was mainly seen to be a reflection on management's inability to cope with the bargaining power of shop stewards at the work place. In the final analysis, it was management who had to take the initiative and responsibility to place local bargaining on a more healthy and satisfactory foundation - a task which management was not, in Flanders' view, especially well equipped to undertake due to certain shortcomings.\*

Flanders' evidence on and interpretations of British industrial relations were in the main supported by research findings obtained by commissioned research at the time. From its report, it was clear that the Commission had accepted the evidence submitted by Flanders and the findings of the research by stating that Britain had two systems of industrial relations operating simultaneously. The one was the formal system which was seen to be embodied in the official institutions and the other being the informal

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\* The shortcomings are: (1) inadequate training regarding the social aspects of their function; (2) separation of personnel management from line management resulting in line managers not having skills to negotiate with shop stewards and work groups and (3) rejection by management to share authority within the firm.

system created by the actual behaviour of unions, employers' associations, managers, shop stewards and workers.

Jackson (1977:146) compares these two systems in the following way: The formal system assumes industry-wide organisations capable of imposing decisions on their members, covers all matters appropriate to collective bargaining by industry-wide agreements, restricts collective bargaining to a narrow range of issues and assumes pay to be determined by industry-wide agreements. The informal system, on the other hand, rests on the autonomy of all the parties concerned i.e. managers in individual companies and factories as well as work groups, assumes bargaining at factory level as of equal or greater importance, assumes bargaining to cover a much wider range of issues and important decisions governing pay to be taken at factory level. While the formal system assumes that written agreements will be concluded, the informal system is based on tacit arrangements, informal understandings and custom and practice. Lastly, the formal system views industrial relations in the factory as joint consultation and the interpretation/application of collective agreements. In the informal system, this distinction between joint consultation and collective bargaining is less clear. In terms of the informal system, the business of industrial relations in the factory is very much part of collective bargaining at the level of the industry. Not only had Britain two systems of industrial relations, but the Commission commented that the informal was in conflict with the formal and undermining its functioning. Donovan noted three changes reflecting the underlying collapse of institutional regulation and the increasingly overt expressions of conflict: (1) rising number of strikes; (2) wage drift and (3) the restriction of managerial prerogatives insisting on overmanning, rigid job demarcation, workers' control of rate of production, etc. (Hill 1983:142).

The recommendations proposed by the Commission amounted to the suggestion of the introduction of formal plant

agreements covering all issues negotiated within the plant at the time. As Banks notes, employers were urged to negotiate 'formal, comprehensive and authoritative company or factory agreements' to cover the number and constituencies of shop stewards, provide for facilities for them to consult their members and to negotiate with management (1974:27). It must be noted that while the Donovan Commission was not against negotiations conducted at the work place, it was highly critical of the fact that these negotiations were basically 'informal' and 'unstructured'.

Also commenting in the 1970's, Clegg suggests that the recommendations meant greater authorisation and participation of fulltime union officers in matters within the plant. It also meant that unions would be able to exercise greater control within the plant. Clegg concludes that plant level bargaining had greatly increased but qualifies this by noting that the establishment of formal plant agreements had not altered the relationship between unions and work place organisations. He concludes as follows: 'There is thus plenty of evidence here to suggest that the British method of collective bargaining produces a large number of independent centres of trade union power in workplace organizations and that many workplace organisations in private industry possess wide powers' (1976:57).

Shopfloor bargaining between shop stewards and management has thus resulted in the powerful workshop organisations of British private industry and evidence seem to suggest that many work place organisations still control the negotiations and implementation of plant agreements as they operated in fragmented bargaining before - that is, without the intervention from the union outside even though power was now centralised in the hands of senior stewards and plant committees (Clegg 1976:63).\*

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\* In contrast, the local union in the United States plays a greater part in negotiating plant agreements even if

Given that most of the above comments were made in the 1960's and 1970's and given that this period is generally seen to have witnessed the development and growth of local bargaining in Britain, what is the current position as to the importance of local bargaining as opposed to industry level bargaining within industrial relations?

Relying almost exclusively on trends identified by Windmuller (1987) and Roberts (1987), the following generalisations can be put forward: as noted at the beginning, there is great diversity in the structure of collective bargaining. This makes it extremely difficult to identify dominant trends. Although local bargaining was shown to have increased in importance, especially in the private sector, industry-wide negotiations still take place in a substantial number of industries. In most cases, bargaining at the local level is also conducted resulting in bargaining conducted simultaneously at various levels. Industry and national-wide bargaining seem to dominate the public sector although, as Roberts points out, certain issues are also handled at local levels.

Returning to the private sector, by the beginning of 1980's, two thirds of manual and three quarters of non-manual employers in private manufacturing companies employing more than 50 full-time workers were covered by single-employer agreements. If, however, the whole economy is the reference point, the picture changes i.e. 46% of firms in the private sector and 75% in the public sector report multi-employer (industry-wide) bargaining as the most important for pay increases. Forces, pushing bargaining in the direction of more centralised as well as decentralised directions, seem to be operating continuously and even simultaneously.

The development of plant bargaining as discussed above, was seen to have resulted in the escalation of the number of

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the application thereof is left mainly in the hands of the shop stewards.



full-time shop stewards employed by the unions. This development tended to isolate plant bargaining from the unions outside the plant - a point noted by Clegg. This tendency was evident from the number of unofficial strikes in the period up to the beginning of the recession in 1979. Since 1979, the unofficial strike rate has fallen significantly - a trend which is attributed to a variety of factors e.g. rising unemployment, the formalisation of (local) plant agreements,\* improvements of pay structures, the growth of local bargaining etc. (Roberts 1987:290). This brings us to a point raised previously i.e. Clegg's suggestion that the formalisation of plant/local negotiations was seen as a way of enhancing the power of the unions in the work place. The conclusion he had come to, i.e. that the establishment of formal plant agreements had not altered the relationship between unions and work place negotiations, seem to be still valid at this point in time. The following statements seem to substantiate this:

Although the authors of one of the surveys recognized that there had been some increases in the number of formal agreements at the local level they conclude that informal relations were still of prime importance (Jackson 1977:148 quoting Wilders and Parker 1975)

and

(d)uring the recession it might have been expected that shop stewards placed in a weak bargaining position would have become more dependent upon full-time union officials. This has not proved to be the case; in fact, union officials seem to be playing a less important role than before, owing to a number of factors (Roberts 1987:290).

Some of the factors listed by Roberts are (1) due to falling incomes, unions are pressed to economise on staff and services, weakening the links between national and regional officials and stewards and plant organisations; (2) advancement in technology has undermined the power of the craft union and control has even shown a tendency to pass

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\* The formalisation of plant agreements was recommended by the Donovan Commission and seen as a 'solution' to the high unofficial strike rate.



back to management and (3) initiative taken by management to harmonise work relations etc. Roberts concludes his comments with the remark that the development of work place centred industrial relations has resulted in collective bargaining becoming 'a more complex activity in terms of the roles of the two parties, of its structural characteristics, and of its relationship to other forms of representation and the evolving pattern of collective and individual legal regulation' (1987:291).

A few brief comments on unions, employers' associations, scope of agreements, and industrial democracy can be made. Due to the recession and the rise of unemployment, the growth of unions, which had risen during the 1970's and had reached a peak in 1979, has been checked in the 1980's. The biggest drop has been in the private sector but also in nationalised iron and steel industries and civil aviation. The fast growing technology sector has also posed problems for union organisation as workers show little interest in joining unions. Although the number of employees covered by collective bargaining agreements will have fallen the past five years, the percentage workers in employment covered by collective agreements has declined very little (Roberts 1987:284). The shift to local bargaining in Britain has had consequences for the role of employers' associations but little change seem to have occurred regarding membership of employers' associations. This is explained by the fact that these organisations are still seen to provide important services regarding negotiating and administrative procedures in dealing with disputes by providing information and advice. Roberts suggests that these organisations are likely to play an even more important role in the future if they can succeed in taking initiative and enhancing their status.

Regarding collective agreements, the expansion of local bargaining has had considerable influence on the scope of these agreements. Until World War II, with industry-wide bargaining still the dominant type of bargaining, agreements have had a considerable narrow scope focusing on basic

employment conditions e.g. pay, work hours, job content and holidays. Agreements concluded through local bargaining have expanded in scope including a whole range of items e.g. physical working conditions, manning levels, redundancy, changes in production methods, technological changes, recruitment, pensions, and capital investments although bargaining on the last two items is much less frequent (Roberts 1987:284).

Consultative structures exist in most British industries and during the Second World War it was generally believed that these structures should function separately from the bargaining process. The division between collective bargaining and joint consultation has become less clear with the growth of local bargaining (especially formal plant bargaining) after the War. During the 1960's there has been a decline in the number of separate consultative committees. Clegg supports this argument when he notes that the relationship between the level of bargaining and the need for alternative methods of trade union action in the plant, must be seen to explain the decline of interest in joint consultative bodies on the part of the British unions over post-war years. These alternative methods are seen to refer to shop stewards bargaining within the plant giving...

British trade unionists another and more authoritative method of dealing with domestic issues. They have chosen to use it and to let consultative committees decline, except where their shop stewards have bargained through consultative committees. Either way, consultation as it was originally intended to function has given way to plant bargaining (1976:91).

Consultative structures, however, never entirely disappeared from the scene and there was an increase noted again since 1977. Roberts (1987:295) refers to research done by Daniel and Millward (1983;1985) on work place relations and concludes that the relationship between joint consultative and collective bargaining is strongly related to the power of the unions within the work place, verifying Clegg's point. Where unions are strong, these committees function as

an adjunct to collective bargaining. Where the unions are weak, the committees present an alternative channel for communication. According to Roberts, a new trend, based on recent research findings, seems to be developing. This trend may also help accounting for an increase in the popularity of consultative committees in recent years i.e. although unions are still concerned with securing improvements in pay and reducing work hours through collective bargaining, employees are exerting pressure on management for more consultation and the exchange of information outside formal bargaining structures at local level. Not only do committees play a role in this respect but other consultative machinery and procedures have also been established for this purpose e.g. briefing groups, departmental meetings, quality circles etc.

### Summary

The most outstanding feature of bargaining structures in Britain is their complexity. Bargaining takes place at all levels ranging from national level right down to the level of the shopfloor. Although local bargaining (from enterprise downwards) has become increasingly important since the second World War, it is extremely difficult to estimate the extent to which local bargaining has become the dominant form of bargaining. Not only is there a difference between the private and public sector as to the popularity of plant bargaining, but private industries also differ in the extent to which they stress local level bargaining. British Leyland is an example of annual pay bargaining being removed from plant to co-operative level under pressure from management, pointing to a trend towards centralisation. On the other hand again, British Steel Corporation refused in 1981 and 1982 to negotiate pay agreements at the national level. Although modifying their position somewhat in 1983, they 'by no means abandoned the view that pay at plant level should be determined by reference to local labour markets and

productivity standards' (Roberts 1987:289). In this case a trend towards decentralisation can be identified. These examples indicate forces that are pushing towards centralisation as well as decentralisation contributing to the difficulty in identifying an overall general trend.

The fact that bargaining is conducted at a wide range of levels and often even simultaneously, in one particular industry for example, can be seen to contribute to the significance of work place bargaining in Britain as compared to the other countries covered in this section. Local bargaining, therefore, does not only in this case, refer to plant level, but includes work place bargaining right down to the shopfloor level. The significance of the role of the shop steward compared to those in other countries, is indicative of the importance of bargaining at this highly decentralised level. These shop stewards are often seen to exercise independent power in their negotiations with management, differing significantly from United States shop stewards as well as those in West Germany and Japan who are seen to function as formal extensions of the union. Shop stewards in Britain are thus seen as quite powerful.

It must be pointed out that not all commentators agree on the continued significance and suggested growth of local bargaining in Britain. An important example is Lindop's (1979:12-21) discussion of work place bargaining and the factors relating to its development concluding that evidence all point to a reduction in the importance of local bargaining. Although careful to make future predictions he suggests that 'there seems no reason to assume that the move towards larger bargaining units will not gather strength' and 'the survival of workplace and plant bargaining as a major factor in British industrial relations in the future must at least be open to doubt' (1979:20).

### 3.6 Trends towards local bargaining in countries traditionally characterised by highly centralised bargaining levels

Trends towards more decentralised collective bargaining can also be noted with regard to those countries historically known for their highly centralised bargaining structure e.g. France, Italy, Belgium, Netherlands and Sweden (Windmuller 1987:92-116). Historically, employers in these countries have not experienced pressure as regards work place industrial relations (Anstey 1989).

In many of these instances, bargaining has even shifted to the level of individual enterprises and plants i.e. local level. The trend towards local bargaining does not always pertain to all industrial sectors within a particular country as unions are often ambivalent regarding such a development, for example in Belgium. As shown by developments in France since the late 1960's, the increasing importance of individual enterprise level does not necessarily imply an abandonment of existing more centralised bargaining - in this particular case - industry level bargaining. This is also borne out by developments in the Netherlands and Sweden.

As pointed out by Windmuller, however, the consequences of more recent developments for deeply entrenched practices of the past is difficult to ascertain and future developments will have to be awaited. The impact of the state of the economy on decentralised and local bargaining in particular, has also been varied to some extent. In Italy for example, indications are that central bargaining or interconfederal bargaining has again become prominent during the recession of the 1980's. The sustained viability of central agreements is however being questioned which may lead to company bargaining again becoming more prominent in the future.

In the Netherlands enterprise and plant level bargaining have achieved considerable importance during the past ten to

fifteen years. Historically, plant level organisation and bargaining have been seriously neglected conforming to bargaining patterns in other continental European countries. Workers, similar to those in Germany, have traditionally accepted employers' resistance to local level organisation. Instead, they have come to rely on statutory works councils to represent their work-related interests. Not only have works councils gained more rights and therefore greater status, but union structures have been created at the enterprise level. These structures have gained recognition rights as well as facilities. They have also gained the right to protection of their representatives against disciplinary action (Windmuller 1987:108). Of particular relevancy is the right of these structures to participate in the determination of working conditions at plant level. The unions must still decide whether they are going to employ statutory works councils or their own new plant structures as their main instrument to participate in enterprise level decision-making.

In some cases, for example Sweden, the concern for an overly rigid centralised bargaining structure has been the main drive behind the move towards more local bargaining being initiated by employers.

## CHAPTER 4

### LOCAL BARGAINING WITHIN SOUTH AFRICAN INDUSTRIAL RELATIONS

#### 4.1 Introduction

The industrial relations scene, and more specifically the bargaining structure of South Africa, has undergone important and even radical changes since the inception of industrialisation, the formation of an industrial labour force and the creation of the first trade unions during the late 19th century.

Although the bargaining structures of particular societies tend to exhibit a degree of stability, most of these structures undergo some changes, modifications and adjustments over time. The general trend towards increasing decentralisation referred to in the previous chapter, has illustrated just this point. However, the degree of changes and modifications that the South African bargaining structure has exhibited seems to be of a more radical nature. This has been particularly the case with bargaining levels.

It is by now generally accepted that the appointment of the Wiehahn Commission of Inquiry into labour legislation in 1977, the recommendations and subsequent labour legislation following these recommendations, constituted an important watershed in the history of South African labour relations and bargaining structure. Due mainly to certain historical events and circumstances, the South African labour force as well as the collective bargaining structure that has subsequently developed, have always been characterised by some form of dualism predominantly structured along racial lines. Thus, not only have the various racial groupings been differentially incorporated into the South African economy, but the official institutional structures governing and

regulating labour relations have come to reflect these divisions to a significant degree. The dualistic nature of the South African labour relations scene becomes particularly evident in an analysis of the dominant bargaining levels as it existed and functioned not only prior to, but especially after the late 1970's.

Although industrialisation proper only commenced in South Africa with the discovery of diamonds and gold during the latter part of the 19th century, certain measures for regulating the employment relationship already existed prior to these discoveries. The Masters and Servants Act of 1841 and 1856 for example, regulated the individual employment relationship for breaches of terms of their contract as well as for certain offences. More specifically, this Act stipulated the worker's obligations and provided for harsh punishments of the worker (usually non-white) who disobeyed these regulations (S Bendix 1989:286).

It was, however, the Industrial Conciliation Act of 1924 that was to introduce collective bargaining as an institutionalised feature of South African industrial relations and was to lay the foundation for the development of a very typically South African system. The act involved a 'government-imposed compromise' between two groups: organised business and organised labour, both of whom could count on the support of political representatives to articulate their interests (Lever 1983a:103). Greenberg (1980:155) essentially makes the same point when he interprets the Act as a 'historic accommodation between white labour and management...' It was also to mark the first occasion of direct government intervention into an area hitherto left to develop in a manner relatively free from constraining measures, thereby constituting collective labour legislative and law proper.

Given the significant changes in South Africa's collective bargaining structure following the Wiehahn Commission's report, it seems appropriate to discuss the nature of local



bargaining, and the extent of its prominence, by considering developments prior to and after 1979.

#### 4.2 Local bargaining prior to 1979

##### 4.2.1 institutionalising industry level bargaining

By 1977, with the appointment of the Wiehahn Commission, the South African collective bargaining structure was regulated mainly in terms of the Industrial Conciliation Act of 1956 originating in the above mentioned Industrial Conciliation Act of 1924 and the Black Labour Relations (Settlement of Disputes) Act of 1953. The latter was subsequently amended as the Black Labour Relations Regulations Act in 1973 and 1977.

One of the outstanding, if not the outstanding features of the 1924 (and amended 1937 and 1956) Act, relates to its scope i.e. the exclusion of the African worker from its parameters. The Act only provided machinery for the regulation of industrial relations between white, coloured and Asian employees and their employers and rested on a 'basic ethnic foundation' (Lever 1983a:104). In terms of the definition of employee embodied in the Acts, African\* workers were prohibited from establishing legally recognised unions and making use of the official bargaining machinery provided for by official legislation. Certain categories of operations were similarly excluded i.e. farming, domestic service in private households, officers of Parliament, State employees, charitable institutions and education (Jones & Griffith 1980:108-109).

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\* Throughout this chapter and those to follow the four main population groups into which the state has divided the country's people are referred to as the African, coloured, Indian (also Asian) and white groups. The term 'black' is used to refer collectively to Africans, coloureds and Indians, except when using official terminology when it refers only to Africans. (Maree 1987: x)

The 1924, 1937 and 1956 Act had as an objective the provision of formal institutions to be utilised for the purpose of collective bargaining and settlement of disputes. This it did by providing for the registration and regulation of trade unions and employer associations; the regulation of employment conditions through agreements concluded in industrial councils and conciliation boards and the settlement of disputes through conciliation, mediation and arbitration.

The most significant feature of the 1924 Act which specifically related to the level of bargaining, were the provisions made for industrial council bargaining. The 1956 Act retained the industrial council system as the main forum of collective bargaining between employers' and trade unions' representatives. Industrial councils were to be permanent structures composed of registered trade unions and employer associations. The main functions of these councils as listed by Piron (1983) are to (1) settle disputes that have arisen or may arise between the two parties; (2) negotiate agreements or to prevent disputes from arising and (3) take the appropriate steps necessary to bring about the regulation or settlement of matters of mutual interest to employers and workers and their respective organisation. Although the process of collective bargaining was left to the discretion of the individual industrial councils, the state gave statutory effect to agreements concluded between the parties to the council. Membership of industrial councils was not automatic and parties had to apply in order to participate in the system. Bargaining was conducted over all subjects of mutual interest in the employment context i.e. predominantly over wages and employment conditions. In the absence of councils, either party could approach the Minister to request the establishment of conciliation boards. These boards were ad hoc bodies and were discharged as soon as the dispute was settled, or otherwise (Jones 1984:71).

Thus, in terms of the Industrial Conciliation Act, statutory collective bargaining was to be conducted at industry and regional levels through industrial councils and, in their absence, through ad hoc appointed conciliation boards. In terms of who were to participate in these bodies, the Act was equally clear: councils and boards were open to all but black African workers and their representatives. However, not all centralised bargaining was restricted to industrial councils. Centralised bargaining outside the council system has and still does characterise the mining industry in which case the The Chamber of Mines acts as the employers' association/organisation as different minehouses belong to this association. In the mining industry terms and employment conditions are set and disputes are settled outside the auspices of councils and the 'intermittent recourse to ad hoc conciliation boards has constituted the sum of the parties' involvement in statutory negotiating bodies' (Cameron, Cheadle & Thompson 1989).

#### 4.2.2 the creation of committees at local level

The Nationalist Party who had come to power in 1948, appointed the Industrial Legislation Commission (known as the Botha Commission). It had to report and make recommendations on, inter alia, the feasibility of having separate trade unions for whites, coloureds and Asians, the desirability of giving official recognition to African unions and 'setting up machinery for the prevention and settlement of industrial disputes involving Natives ...' (Horner 1987:124-125). The first recommendation (separate unions for different racial groups) was accepted and subsequently accommodated in the 1956 Act. The second recommendation that African trade unions be recognised in terms of separate legislation was rejected. Instead, alternative machinery was to be created by the legislator to accommodate Africans in the form of the Native (later Bantu) Labour (Settlement of Disputes) Bill presented in Parliament

in 1953. This piece of legislation made provision for so-called in-company committees whereby a works committee could be elected by African employees of an establishment employing 20 or more workers (1987:126).

The initiative to establish such committees could come from either worker's or employer's side. The main function of this body was to communicate the wishes, aspirations and requirements of black African workers to the employer or management (Jones & Griffith 1980:93). In addition to committees at the enterprise level, provision was also made for a second tier, i.e. Regional Native Labour Committees appointed by the Minister of Labour from Africans (not necessarily workers) from the local community with a white chairman as well as a third tier, i.e. a Central Native Board. The latter was to consist of white officials also appointed by the Minister. Thus, the machinery created by the 1953 Act 'allowed a very limited measure of direct representation to African workers and a larger measure of indirect bureaucratic representation' (Horner 1987:126). Although works committees had restricting negotiation rights, they were never allowed to negotiate wages as industrial councils and the Wage Board were seen to do this (Friedman 1987:53).

It is doubtful whether these committees were ever 'successful' given their stated aims and functions. By the beginning of 1957 only seven such statutory committees were in existence; by 1961 nineteen and by 1969 twenty-four. The works committees, established for the first time in 1953, continued to exist for the next 20 years proving itself to be totally ineffective as a channel for communication between black employees and their employers within establishments. By 1973 only twenty-four had been formally registered under the Act and another ten were said to exist (S Bendix 1989:296).

The failure of these committees as an alternative labour relations system for Africans is indicated by Horner.

(1987:129) when he says that 'African workers eschewed it, employers showed a marked reluctance to use it in a meaningful way, and even the State implemented it without vitality'. This failure has been ascribed to various factors. Amongst such were the fact that, due to lack of experience and necessary training, African employees seldom took the initiative in forming such bodies. The committees were usually established after a dispute had arisen and did not function on a preventative basis. But of crucial significance was the fact that authority and power still resided in the hands of management rendering these committees virtually impotent as instruments of worker power. Referring to the fact that works committees were denied the right to negotiate and bargain over wages, Friedman (1987:53) for example notes that 'even if they had been granted this power, they would not have been equipped to use it' rendering them 'harmless "safety valves" for worker frustration and most were not even that'.

#### 4.2.3 1973 and 1977 amendments to the 1953 Act

The relative 'peace' characterising the industrial relations sphere during the 1950's and 1960's, largely if not wholly, attributed to repressive government legislation, was shattered by the labour unrest of 1973 and 1974. The government, realising that the existing system had somehow failed to satisfy black African employees and their need to establish recognised unions, amended the existing Native Labour (Settlement of Disputes) Act and introduced the Black Labour Relations Regulation Act (No. 70 of 1973). In terms of this act, African workers and their employers could now establish different types of committees to regulate conflict and to present African employees' interests. So-called liaison-committees were introduced at plant level as an alternative to existing works committees and the latter were to be upgraded.

The liaison committee in an establishment was to consist of appointed and elected members. Half was to be elected by African employees while the remaining members were to be appointed by the management/employer. Its function was 'to consider matters which are of mutual interest to the employer and his employees and to make to the employer such recommendations concerning conditions of employment of such employees, or any other matter affecting their interests' (Horner 1987:130). The works committee was, however, to be wholly elected by African workers in establishments employing more than 20 African workers and where no liaison committee existed. Its main function was to communicate the wishes, aspirations and requirements of employees to their employer and to 'represent the said employees in any negotiations with their employer concerning their conditions of employment or any other matter affecting their interests' (Horner 1987:131).

Thus, works committees clearly had in-plant negotiation rights whereas liaison committees acted more as consultative structures within establishments (Friedman 1987:54). By May 1975, 1 751 liaison committees were registered compared to 239 statutory-constituted works committees (Horner 131:133). These numbers indicate to some extent the popularity of liaison committees compared to works committees with management and employers. This disparity was illustrated again by 1977 in that 2 503 liaison and 301 works committees were in existence at the time (Maree & Budlender 1987:117-118). With the 1977 amendment of the Black Labour Relations Regulations Act, factory committees (including liaison committees) were given the right to negotiate and conclude binding agreements with employers within establishments on wages and other employment conditions.

Prior to these negotiation concessions, the wages and employment conditions were covered by the Wage Act no 27 of 1925 repealed and replaced in 1937 and again by Act no 5 of 1957. As Lever (1983a:99) notes, the Wage Act of 1925 was seen as the complement to the machinery of the Industrial

Conciliation Act of 1924 in the determination of wages and employment conditions. The Act applied to the 'unorganised' labour forces i.e. workers who were by law denied a say in the collective bargaining system. These workers were of course mainly black although unorganised 'non-black' workers were also included (Jones & Griffith 1980:26-27). The Act made provision for the establishment of a Wage Board which had, inter alia, the power to investigate conditions in particular industries excluding, amongst others, agriculture and domestic service and issue minimum wage determinations. The Wage Act thus provided for 'the establishment of a situation whereby, if wages and working conditions could not be negotiated through collective bargaining, they would be laid down unilaterally by the Minister acting on the recommendations of the Wage Board' (Jones & Griffith 1980:28).

In practice and immediately prior to 1979, different types of committees were co-existing within a single establishment or plant. The functions of the various committees and hierarchical ordering in terms of status are outlined below (Jones & Griffith 1980; Albertyn 1979):

#### works committees

- (1) the communication of the wishes, aspirations and requirements of black workers which was of concern to the employer;
- (2) to make recommendations to a liaison committee where it existed regarding wages and other employment conditions and
- (3) to negotiate and enter into agreements with employers regarding wages and other employment conditions only where no liaison committee is in existence.

In establishments accommodating more than one works committee, such committees may organise to establish a co-ordinating works committee and fulfill the following functions:



- (1) to co-ordinate the activities of the works committees
- (2) to make recommendations to co-ordinating liaison committees where they exist, regarding wages and other employment conditions
- (3) to negotiate on wages and conditions of employment in the absence of a co-ordinating committee.

#### liaison committees

At least half of the members would be elected by black workers and the remaining half appointed by management. The functions were to be as follows:

- (1) to consider matters which are of mutual interest to employer and black workers
- (2) to make recommendations to co-ordinating liaison committees where they exist on wages and employment conditions and
- (3) to negotiate and enter into agreements with employers on these issues where a co-ordinating liaison committee did not operate.

The main function of the co-ordinating liaison committee was to negotiate and enter into agreements with employers on wages and employment conditions.

To summarise then, the statutory bargaining system immediately prior to 1979 was predominantly characterised by central bargaining at industry and regional level through industrial councils or where they were not in existence, conciliation boards. Given that only registered unions were allowed by law to participate in this system, only non-Africans qualified for such participation. Industry level bargaining was not however restricted to the industrial councils system as centralised bargaining in the mining industry was conducted outside the statutory machinery provided by the Industrial Conciliation Act.



Local level bargaining (i.e. plant and establishment levels) was the predominant level of 'bargaining' for Africans given their exclusion from the industrial council system. In-plant negotiations were introduced with the establishment of works committees after passage of the 1953 Native Labour (Settlement of Disputes) Bill. Negotiation powers were however limited as wage bargaining was not allowed. In practice these works committees mainly acted as a communication channel between the parties. Local bargaining was not really extended by the 1973 Black Labour Relations Regulations Act and the introduction of a new type of committee i.e. liaison committees. The latter had no statutory negotiation rights, only being allowed to 'make recommendations' to employers resulting in such bodies being labelled as 'tea and toilet' committees (Friedman 1987:54). Potential local bargaining was built into the 1977 amendments in that factory committees (works and liaison) were now granted rights to negotiate binding agreements on wages and other employment conditions. Bargaining is here referred to as being potential in the sense that, even though local bargaining was made possible by the structures created by the legislator, it did not significantly materialise in practice. In the final analysis, these bodies acted as consultative rather than bargaining bodies - one of the main reasons for this being management's attitude towards the concept of 'bargaining' with African employees within the establishment. These committees were from its very inception dominated by managers and employers.

#### 4.3 Local bargaining after 1979

The particular circumstances and events leading to the appointment of the Wiehahn Commission in 1977, have been extensively noted by observers of the South African industrial relations scene. Jubber (1979:131) for example, lists some of the events necessitating fundamental changes in the South African industrial relations system. Instead of

interpreting the changes (and those to come) in terms of the ideological reasons advanced by the authorities for such changes, he correctly argues for an interpretation in terms of the crises and contradictions characterising the pre-1979 industrial relations system. Thus, the proposed move towards 'liberating' the industrial relations system should be viewed as being motivated by 'material and political expediency' rather than being based on 'morality' and 'reason'.

#### 4.3.1 Labour Relations Act of 1979 and 1981 - the process of deracialising labour legislation

Following the acceptance by the Government of the major recommendations put forward by the Wiehahn Commission, it amended the Industrial Conciliation Act changing the title to the Labour Relations Act in 1979 and 1981. The Labour Relations Act provides three statutory forums for collective bargaining: industrial councils, conciliation boards and works councils. The Act acknowledges non-statutory arrangement and regulates it primarily through the unfair labour practice jurisdiction (Cameron, Cheadle & Thompson 1989:7). In terms of this Act, labour relations legislation was to be deracialised and black unions were to be finally recognised. Although certain categories of employees were initially excluded, the Act finally removed all these exclusions and extensions. An employee was now defined as 'any person in work and receiving remuneration' thereby opening up the official bargaining system to all workers\* (Benjamin, Cheadle & Khoza 1987:164-165). The Black Labour Relations Regulations Act was repealed and all references to race were finally removed. Provision was also made for an industrial court. Various functions were assigned to the industrial court including arbitration, industrial demarcations and hearing appeals from registered trade

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\* Certain sections e.g. farm workers and domestic workers were however still excluded.

unions denied admission to an industrial council. The introduction of the industrial court represented a 'philosophical break with the past' (Cameron, Cheadle & Thompson 1989:21) in that it had to make decisions over unfair labour practices. The latter was the legislative response to the demand for a statutory formula by the newer unions' conclusion of recognition agreements and disputes arising from it. Amendments to the Act were again made in the period 1981-1984, but none of these represented fundamental changes (Maree & Budlender 1987:121). The power of the industrial court, however, was increased during 1982. Before 1982 few disputes were referred to the court mainly because it lacked the power to develop a satisfactory code of sound employment practice (Benjamin 1987:255). The 1982 amendments gave the court status quo powers which allowed it to reverse unilateral action in disputes. In 1983 unregistered unions were granted access to conciliation boards.

In terms of the 1981 Labour Relations Act, collective bargaining at industry and regional level through industrial councils, and through conciliation boards in the absence of the former, was to remain the core level at which bargaining is conducted. By 1980, Swart (1988:504) reports, there were approximately 100 industrial councils and 250 agreements in operation of which less than 10% of these councils accounted for more than 80% of workers covered by the councils. This illustrates clearly the degree of centralisation at the time.

Given that African unions were now receiving full legal recognition, they could, if so wished, register and participate through councils at industry level. Theoretically then, all employees, irrespective of race, could now participate in official centralised bargaining. In practice, however, this did not immediately happen. Obstacles to full participation remained culminating in the so-called 'registration debate'. As pointed out, for example, independent unions opting to operate outside the

industrial council system, could only gain access to the industrial court via conciliation boards. The Minister of Manpower could refuse to appoint conciliation boards thereby blocking access to the industrial court.

#### 4.3.2 local bargaining through committees and works councils

Of greater significance is the implication of the new Labour Relations Act for local bargaining. An important feature of the Act is the provision made for plant bargaining through sections 34(A) and 34(B) of the Act (Piron 1983:470). Section 34(A) governs the establishment of a new type of committee known as the works council. An employer and all or some of his employees may set up such a works council for a section of a factory, a whole factory or two or more factories belonging to a single employer (Benjamin, Cheadle & Khoza 1987:163). At least half of the council members must be elected by the relevant workers as representatives while the remaining half are to represent management. Section 34(B) regulates the old liaison committee established in 1973. These are now to function as works councils as well. All works councils established by either section 34(A) or 34(B) are to be multi-racial in composition in contrast to previous committees. As management has no representation on the old works committees, they cannot be regarded as works councils.

As to the functions of these councils, the law is not prescriptive. The functions can therefore be structured in such a way as to suit the needs of the parties within the enterprise leaving the parties free to decide on the powers of these bodies (Nel & Van Rooyen 1985:73). In the main, however, the works councils were seen to settle grievances between employees and management and obtain the right to negotiate and bargain with management on wages and working conditions. The works council was established to accommodate

employee needs at the level of the work place. Black workers are generally less skilled, less mobile and therefore more open to victimisation by management. A multitude of grievances characterise their position and works councils are seen as possible mechanisms to help the black employee cope with these grievances.

Works councils are set up on a voluntary basis or by mutual agreement and are in no way compulsory. Employers need not register their existence or even inform the authorities that they exist in the enterprise or plant. Agreements reached between the parties are not legally binding and the Act does not provide an enforcing mechanism (Jones 1984). Thus, while the law makes provision for the establishment of works councils, agreements are not statutory collective agreements.

#### 4.3.3 local bargaining and recognition agreements

After amendments were promulgated following the Wiehahn recommendations, African unions, as mentioned above, did not rush to register or join established unions in order to participate in the official system. As correctly noted by the Manpower Commission (RP/1986 par 7.1 chp 1:8), the opposition to the official machinery and industrial council system was quite clear even prior to these recommendations and amendments. A substantial number of these independent unions had opted for the establishment of so-called recognition agreements at plant and enterprise level. The rejection of the industrial council system by the 'newer' unions was primarily grounded in the bureaucratic structure and functioning of these councils and, even to a greater extent, the possibility of sacrificing their power base (Swart 1988:509).

The origin of recognition agreements in the South African context is located in the bargaining system of the pre-

Wiehahn era i.e. the exclusion of trade unions from the work place. While the industrial council system kept unions out in the case of whites, coloureds and Asians, the committee system similarly succeeded in keeping African unions, especially the new independents, out of the plant or factory. But, while wages and working conditions were negotiated at industry level for the former, no comparable representation was allowed for African employees at this level.

The independent unions could offer their members very little as far as wages and employment conditions were concerned. They experienced financial difficulties as they could not rely on employers to collect dues on their behalf as registered unions could. They were, given their inability to build a power base inside factories, forced to rely on members. Tactics were modified and many unions abandoned mass organisation devoting their resources to a few 'carefully selected factories' (Friedman 1987:93-94). The burden of organising and decision - making, as Friedman notes, now shifted to elected shop stewards and union membership was now no longer the dominant issue. Training, discussion and organising would now precede membership. These efforts were directed at obtaining, through negotiations, formal recognition by employers within individual plants and enterprises. The first formal recognition agreement was signed in July, 1974 between NUTW (National Union of Textile Workers) and Smith and Nephew at its plant in Pinetown.

The negotiation and the conclusion of the above and numerous other such agreements, constitutes a significant instance of local level bargaining within present day South Africa and has become an institutionalised feature of the local industrial relations scene despite its non-statutory nature.

The basis of any recognition agreement is, according to Piron (1986:5), the need felt by workers to be involved in decision- making and the need to be treated with respect at

the place of work. Its true nature is to be found in the creation of a relationship between management and employees 'founded on dignity' and the establishment of a contract. This agreement creates both legal and behavioural obligations in that it constitutes a legal framework that describes the parameters within which a permanent or semi-permanent relationship is to operate. He thus concludes that the relationship aspect is the crucial element in this type of agreement.

Recognition in the South African context essentially implies the recognition of a trade union by an employer and secondly, it involves a union-employer relationship excluding the state. It is essentially, says Swart (1988:506), nothing more than an employer's written acceptance of the representativity of a union in a particular establishment as well as the right to negotiate on certain matters. Furthermore, the recognition agreement is essentially a procedural agreement and not a substantive agreement as its objective is to regulate the conduct of a relationship between parties at a particular place or work.

It differs from industrial council agreements in that the latter is mainly concerned with more substantial issues e.g. wages (S Bendix 1989:430-431). A full procedural agreement is the most extensive form of the recognition agreement and considers a variety of matters such as the preamble, definitions, terms of recognition, access to information, use of notice boards, check-off facilities, position of shop stewards, disciplinary and grievance procedures, retrenchment and negotiation procedures, mediation, arbitration, health and safety and so on (Piron 1986). The negotiation procedure contained in the agreement, sets out the way in which negotiations must be conducted in order to conclude a substantive agreement or how to re-negotiate the recognition agreement. Substantive agreements cover mainly wages and are usually re-negotiated more frequently - similar to practices adopted by the industrial councils. The negotiation procedure thus represents the 'formalisation of



the collective bargaining process between the parties at plant level' (1986:77).

The multi-layered nature of the recognition process is thus clearly illustrated as it may evolve from recognition proper to a full bargaining relationship and bargaining proper. This has even been further extended in some countries to include a co-determinative role by workers in the operation of the enterprise (Cameron, Cheadle & Thompson 1989:27).

The 'broad' characteristics of recognition agreements are according to the Commission of Manpower (RP 115/1986 par 1.2 chp 2:14) the following:

1. they are usually negotiated and concluded at factory and plant level i.e. local level
2. it is usually initiated by the 'newer' black unions although more established unions have also indicated interest in establishing such agreements or formalising existing agreements
3. it usually covers the semi- and unskilled black worker or category but is in the process of covering the interests of a broader category given black workers' movement into more skilled, administrative and supervisory occupations. The established unions covering skilled workers are also entering into such agreements as pointed out in 2 above and
4. arrangements and procedures are geared to the circumstances existing in a particular company/plant/factory.

Trends towards local bargaining in different industries since 1979 up to April 1986, are also evident from the Commission's report on agreements in different industries (par 7.2 chp 8) e.g. metal, motor service and repair, automobile manufacturing, sugar and refining, pulp and paper, printing, gold and coal mining. The Commission concludes that the importance of industrial councils has declined in some industries and has even been dissolved e.g. in pulp and paper as well as baking industry in the Western Cape. Where newer unions have in fact joined industrial councils, they have pressed for local bargaining over and



above industrial council agreements e.g. the metal industry. In a recent article, Horwitz (1987a) comments on the escalation in the number of recognition agreements being concluded during the post-Wiehahn period putting the number at 800.

Apart from negotiating recognition and substantive agreements at local level, negotiations on other matters are also conducted especially where a union has strong presence in a particular plant or enterprise. Issues like health and safety, retrenchments, technology and productivity are, like elsewhere in the world, becoming more crucial to the worker at his place of work (S Bendix 1989:445-449).

The post-Wiehahn years have thus witnessed the extension of local bargaining through multi-racial works councils and especially through the conclusion of recognition agreements, substantive agreements (e.g. wages) as well as agreements on work related issues (e.g. health and safety, technology, etc.) between black unions and their employers.

Little mention is made of informal shopfloor bargaining between workers and their supervisors in South African industrial relations literature but one can, with a fair amount of certainty, assume such bargaining to be taking place in most establishments and work places. This would conform to practices in existence at work places throughout the world especially where collective bargaining is institutionalised.

The most significant development in local bargaining after 1979 has been agreements negotiated and concluded at the plant and enterprise level. While bargaining is also conducted through works councils, the latter is only a slight modification on the older committee system in that it is now multi-racial in its composition. These councils are not functioning as bargaining bodies in any significant way. The historical context in which these more representative structures have developed, coupled with the tendency of

management to dominate and control them, as well as the fact that they are established on a voluntary basis, partly account for their relative failure as successful local bargaining mechanisms. They do not successfully accommodate the aspirations and democratic needs of especially the black worker in his/her place of work. While local bargaining through works councils thus may, and probably does, extend the power of the white worker at work place level, this does not seem to apply to the black worker to the same extent.

The increasing rate at which recognition and other agreements are being negotiated at local level by 'newer' black unions, is indicative of the growth of black industrial workers' power. It also reflects an important feature of the emerging unions i.e. building shop steward structures in work places in order to further build union strength.

Dualism in the South African labour relations system has been retained after 1979 in that established unions primarily conduct bargaining within the centralised council system while the 'newer' unions conclude agreements at the level of the enterprise and plant. Local bargaining is thus at present very clearly associated with a particular section of the workforce.

#### 4.4 South Africa in world context

##### 4.4.1 trends towards decentralisation

Identifying a trend towards more centralised or decentralised bargaining in any country's bargaining structure is, as has been shown in Chapter 3, a hazardous task. This is even more so in the case of South Africa's bargaining structure for in no other country is, or was, the labour force in any way differentially incorporated into statutory and non-statutory bargaining structures in terms

of race to the degree that it had been the case in South Africa. One is therefore tempted to generalise, in South Africa's case, along similar racial lines. As to non-African employees, bargaining has up to very recently been highly centralised with bargaining conducted through industrial councils. It is only after 1979 that multi-racial works councils have provided the structural opportunity for especially the white worker to conduct bargaining at the plant or enterprise level. The nature of bargaining and negotiations through multi-racial councils resembles to some extent that which takes place in the West German works councils in that these structures could be typified as being more co-operative than conflicting in nature. This means that works councils constitute primarily representative rather than collective bargaining bodies.

Local bargaining has always been the most significant level of bargaining for Africans in terms of the availability of structures, i.e. committee system, during the pre-Wiehahn years. The fact remains, however, that these structures never really succeeded in facilitating substantial local bargaining. Meaningful local bargaining has only recently come to the fore with the negotiation and signing of recognition, substantive and other agreements by the newer, independent unions at plant and factory level. The desire of these unions to establish for themselves a power base at the establishment level has been the prime force behind this trend towards increasing decentralisation - simultaneously of course, being symptomatic of the growing power of the black worker.

Having succeeded in establishing themselves at the local level, it can be expected that black unions will become more involved with industry level bargaining in coming years. There are already several unions which have chosen to do so. Although Piron (1986:146) reminds us that 'the majority of black workers do not see the industrial council as the panacea for industrial relations problems', a trend towards increasing centralised bargaining by black unions may be

postulated especially in the light of deregulation measures presently advocated by the state.

Overall, however, local bargaining has become a prominent level in South Africa's industrial relations system and will probably continue to remain so. The central role of in-plant recognition agreements is indicated by the numbers of such agreements having been signed. Between 1979 and 1983 the number increased from 5 to 406 of which FOSATU (Federation of South African Trade Unions) unions accounted for 285 or 75% of the agreements (Maree 1987:7). As shown, by 1987 this number had increased to 800.

#### 4.4.2 the nature of local bargaining

Even if developments in the collective bargaining structure within the South African context suggests a correspondence with a world-wide shift towards local bargaining, generalisations of this sort remain problematic. For example, not only do the countries reviewed differ in the extent to which local bargaining (as defined in Chapter 2) constitutes a dominant component in their respective labour relations systems, but also are not all instances of such bargaining necessarily of a similar type or form. Stated otherwise, the mechanisms and structures through which such bargaining is presently conducted vary - not only within a particular industrial relations system, but also amongst different countries' systems. In South Africa's case, the differential participation in these structures according to race, represents an additional dimension to those above. To summarise briefly:

In West Germany, local bargaining involves works councils which essentially qualify as consultative structures or mechanisms. Another instance of local bargaining takes place between unions and the individual enterprise or company although it does not seem to be the norm at present. In

Japan local bargaining takes place between the enterprise union and the individual enterprise management. In some of these enterprises, usually the small and medium-sized, informal negotiations take place resulting in informal 'gentlemen's agreements'.

The manner in which local bargaining is structured in Britain is of a particularly varied nature. Here bargaining can be conducted at single enterprise or company, plant and shopfloor levels. Much of the bargaining taking place between shop stewards in the plant/factory and management is still 'informal', 'fragmented' and 'autonomous' in that it need not result in formal written agreements. It is based on informal understanding, custom and practice resulting in tacit and unwritten agreements. It was these negotiations that the Donovan Commission wanted 'formalised' and 'structured' in order to, according to Clegg, strengthen the power of unions in the work place. However, the growth of formal plant negotiations and agreements has been identified as a growing feature of the present industrial relations scene in Britain.

Local bargaining in the United States refers to formal bargaining conducted at the level of the plant or single-enterprise, but mostly plant. It also involves informal shopfloor negotiations resulting in informal agreements whereby the formal plant agreements are often changed and modified. These informal bargaining activities are seen to be a function of the grievance process.

➤ Currently, local bargaining in South Africa is conducted through multi-racial works councils and by concluding recognition agreements at plant and enterprise level. Before 1979, works and liaison committees were developed for African workers in the establishment. While white employers now, for the first time, have the opportunity to negotiate and bargain within the work place, these councils are for historical and other reasons no real viable option for the black employee. All in all, these in-plant structures have,

where in existence, primarily functioned as consultative mechanisms in the past and this will probably remain so for the foreseeable future. What has become the norm for many black workers, is the negotiation of recognition and other plant-based agreements with management. This development corresponds with the plant agreements being negotiated in British private industry. Recognition agreements are of course not peculiar to South African labour relations. In Britain, 'there has been a proliferation of plant-level recognition agreements over the past decades' (Swart 1988:506). The correspondence between recognition agreements in South African industrial relations and plant bargaining in the United States (and Canada) is similarly argued by Cameron, Cheadle and Thompson (1989:27-28). Furthermore, the question of recognition has never really been an issue in Europe, given that it 'seldom features very prominently at industry level'.

#### 4.4.3 the 'relative power of work place representatives

The relative power and autonomy of shop floor representatives i.e. shop stewards, vary from country to country - British shop stewards, as previously been noted, often being singled out as considerably powerful in the work place. The reasons for this are not particularly clear although the long union history, the importance of democratic principles in the work place and the relative absence of government intervention in trade union affairs until the 1960's and 1970's have been noted as contributing to this situation.

Another factor also noted, was the inability of official trade union machinery to provide solutions for problems experienced by workers in the work place (Hyman 1975; Littler 1983). Union security or the maintenance of the union has always been the prime concern of Western and Japanese unions resulting in British unions not picking up

and 'resonate' the fears and resentments of the shopfloor. The shop steward movement was thus a symptom of growing tension between the need for general and domestic representation although, at least in its initial stages, motivated by radical and syndicalist sentiments. Other considerations involved the spreading of payment-by-results schemes, labour demand and the declining role of employers' associations.

The increasing involvement by stewards in work place bargaining must not be taken to imply that they never fulfilled significant functions in the past. In the British case, work place representatives enrolled new union members, inspected membership cards, collected dues and enforced general rules and agreements. Eventually, as Hirszowicz (1981:197) points out, they 'outgrew the institutional framework' within which they developed and started participating in unofficial bargaining with management. This power position was held even when formal plant bargaining became entrenched. The functions of British shop stewards had thus been dramatically transformed (Topham 1967:154; Banks 1974:34). As noted in Chapter 3, American shop stewards have always been part of the official union structure and subsequently enjoy less power and autonomy than their British counterparts.

In the South African industrial relations context, labour leadership in work places - at least up till the 1970's - was virtually non-existent due to the prominence that industry level bargaining enjoyed as well as efforts by employers to keep unions out of the work place. Some unions did appoint shop stewards and their functions corresponded with those of British shop stewards before the 1960's. They acted as guardians of the industrial council agreement, a grievance outlet and a communication mechanism between the union branch and the grass roots (Jones 1984:62). The upsurge of work place organisation and bargaining and accompanying growth of the shop steward's role have been sine qua non with the development and establishment of the



newer or more 'progressive' unions since the 1970's (Webster 1984 ; O'Neill 1988).

The main strategy of the emerging black unions has been the concentration of work place organisation and the building of shop steward structures in selected work places (Webster 1984:79-89). Shop stewards and their committees have become in Webster's words, 'the pivot of the organisational structures of these new unions' (1984:81). Furthermore, shop steward structures have been formally incorporated in these unions' constitutions. The central role played by shop stewards in building union power in the work place has thus much in common with the powerful role assigned to British shop stewards in work places. Their main functions are: representing the interests of union members in their department, protecting workers' rights against management, bargaining for the whole plant on wages and working conditions, ensuring that concluded agreements are followed, constituting a link between full-time union officials and members, establishing stable relationships between workers and management, resolving grievances within the work place, accounting to the shop floor - thereby ensuring a form of democracy, ensuring and maintaining worker control through shop steward representation on central decision-making bodies or unions and combining in shop steward councils (Webster 1984:82-83).

The centrality of the shop steward's role within the more 'progressive' unions is due to a variety of pressures and circumstances. Of crucial relevance is these unions' preference for factory or plant level bargaining which involves and fosters higher levels of shop-floor involvement. Conversely, the focus of unions on shop steward structures has again resulted in an increased emphasis on factory level bargaining. The strong commitment of the newer unions to worker democracy which demands direct communication between union officialdom and rank-and-file members obviously strengthens the role of shop stewards (O'Neill 1988).



#### 4.4.4 local bargaining through alternative structures

Local bargaining does not necessarily imply a strong union presence in the plant or enterprise. Local bargaining can be conducted through structures that function independently of unions. The development of alternative structures tends to occur where unions are weak or even absent at the local level e.g. Germany's works councils and the committee system and works councils in South Africa. It can be argued of course, that the presence of these structures may result in unions not having the opportunity to gain and exercise power at the place of work. For, where unions are strong in the work place, the chances of alternative structures developing, are limited. In Britain, no alternative structures comparable to German works councils have developed although shop stewards have gained independent powers to negotiate and bargain.

In the South African context, alternative structures (i.e. committees before 1979 and multi-racial councils after 1979) were developed with the very specific aim of keeping African unions out of the work place. For example, before the 1977 amendments, some companies suggested 'beefing up liaison committees so that they would fulfil, in theory, all the functions of a union'. Companies were to set up their own 'unions' and bargain with them in preference to those formed by 'outsiders' (Friedman 1987:133). Thus, while the industrial council system achieved this for white, coloured and Asian employees, the in-plant or factory committees kept African unions out. The existence of multi-racial councils after 1979, can similarly be interpreted as fostering centralised bargaining and constraining the development of strong unionism at the local level. Although representing alternative structures, these committees and councils were never comparable to the German councils in terms of acceptance and bargaining status. The works councils have remained internal organs of management and deny the presence of trade unions in the work place (Jones 1984:64).

The development of bargaining mechanisms other than unions, highlights the view of Blumberg (1968:163) i.e. that unions are not necessarily the sole representative structures for workers' interests in industry - therein opposing Clegg's view - but rather that, where councils function to promote and protect the interests of workers as producers, unions aim to protect workers as employees. Real industrial pluralism exists 'when workers acquire a rich diversity of organisations to represent their industrial interests ...' When unions succeed in establishing themselves at the local level, the chances of establishing alternative structures through which local bargaining could be conducted, are remote. This is illustrated in the case of the United States and Britain where unions are strongly represented at the work place as well as South Africa regarding African employees and the newer independent unions. The relative failure of works councils at present must be partly interpreted against the growth of the new unions within establishments.

Of course, as observers have noted, these alternative and essentially consultative machinery, have provided black unions an entry into plants and factories (Maree 1987). Unions have gained a foothold within establishments which otherwise would have been extremely difficult. Once established, the shop steward is the central figure in building a powerful work place organisation.

#### 4.4.5 the presence of dual structures at local level

The presence of works councils or other alternative mechanisms could, and often do, create a dual structure within an enterprise or plant - thereby creating competition for worker loyalty and the possible weakening of the union presence. This is seen by Blumberg (1968) to be the case in Germany where works councils often drive a wedge between workers and unions depriving unions of considerable power

and grassroots influence. Unions often react by penetrating councils and trying to take over these councils. In Chapter 3, mention is made of the possibility of works agreements supplementing industry/regional agreements rather than constituting autonomous agreements. This trend is aided by the inclusion of 'opening clauses' in an increasing number of industry/regional agreements. Hereby, the adaptation of collective agreements to the plant level is recognised.

In countries where industry-wide structures predominate e.g. Germany and other Western European countries (and also South Africa, at least up to 1979), unions normally do not actively feature at plant or enterprise level. This follows from quasi-bargaining functions being assigned to works councils, shop stewards and similar institutions regulated by statute or agreements. The general shift to more decentralised bargaining now means that unions are becoming more visible in the work place and often seek to strengthen relationships with rank-and-file e.g. black unions in South Africa. Overlapping of functions often result in this process. In spite of differences existing between unions and other forms of employee representation, works councils often act more and more as 'vigorous representatives' of employees' interests vis-à-vis the employer. In other words, councils are acting increasingly more like unions. The historical function of chiefly promoting labour and management co-operation, is thus de-emphasised (Windmuller 1987:151-152).

Works councils as examples of alternative structures can, in the absence of a unified trade union movement, play a unifying role within an establishment. If they are to function in this way, Blumberg (1986) suggests that councils' plant representations must, to some extent, be and remain independent of unions.

In the final analysis however, the nature of the relationship between unions and alternative structures - where they co-exist - will depend not only on the

circumstances prevailing in a particular plant or enterprise but also on the history and tradition of worker organisation and representative structures within a particular country. Given the historical legacy of works councils in South Africa, the chances of the latter seriously competing with especially black unions within an establishment, is remote. Equally remote at this stage, is the possibility of such councils succeeding in fulfilling a unifying role within plants. Black unionism, rather than works councils, is the unifying mechanism operating in establishments at present.

Where local bargaining is well established in the enterprise, plant or factory and co-exists with consultative structures/bodies proper, the distinction between the bargaining process and consultation proper could become less clear cut (Windmuller 1987). The separation between the two in, for example, Britain and Japan, will however not completely disappear for as Windmuller notes, both management and employees may be seen to benefit from such 'pure' consultative machinery.

Trade unions in South Africa, especially the newer black unions, as Horwitz (1988) shows, prefer to advance their interests through the distributive process of collective bargaining very much like in the Britain. Co-operative relationships between management and labour is no viable option for the immediate future given the absence of participation by blacks in the political system and the pressures brought to bear on black unionism through security and other legislation. Unionism remains the only mechanism through which grievances, fostering conflict or distributive orientated bargaining, can be channelled.

#### 4.4.6 bargaining skills of management and workers

Finally, the establishment of viable local bargaining implies an active bargaining role being assigned to

management and requires the latter having the necessary skills to negotiate and bargain with the employees of a particular establishment. The need for specialised human resources management skills and know-how has also come to light in the South African context with the growth of recognition and other local agreements. For many years, as argued, virtually no bargaining was conducted at local level resulting in management exercising virtually unilateral power over their workforce. The establishment of quasi-bargaining committees and works councils did not in any way alter this situation for management, most of the times, succeeded in manipulating these structures. The growth of shop floor committees and the independent unions have now drastically modified this state of affairs. Where local bargaining has from the beginning been strongly institutionalised e.g. in the United States or even Japan, managers are generally more equipped with the necessary skills and competence in local negotiations. When consultation proper takes place within an establishment, management skills have become equally relevant.

South African managers have been developing their bargaining skills through programmes and courses devised and presented by, for example, business schools and the Institute for Industrial Relations. While the Industrial Court provides written guidelines for negotiating and bargaining purposes, its determinations in disputes have also been useful.

With regard to black workers, shop stewards mainly acquire bargaining skills through training within union structures. Unions are often faced, however, with inadequate manpower facilities and funds to always provide the necessary training. In the final analysis, bargaining experience remains crucial for successful and constructive bargaining on the part of managers and worker representatives.

### PART THREE

#### THE DEVELOPMENT AND ESTABLISHMENT OF LOCAL BARGAINING IN SOUTH AFRICA

In any country the collective bargaining structure develops as an integral part of that country's industrial relations system. This happens 'not so much as the result of a series of coincidences or historical accidents as of the cumulative effect of identifiable factors' (Windmuller 1987:83). It is argued here that in the final analysis, the bargaining structure and levels that develop and become established are a function of the attitudes and preferences of the parties involved i.e. employers and employees. These attitudes are ultimately connected with the parties' view as to how their respective interests and needs are to be served given particular circumstances at a specific point in time. The decisions that are finally taken, can be seen as the outcome of an agreement between the parties, by the superior power of one party relative to the other or taken by an appropriate government agency who has been given the authority to make such a decision.

Evidence seem to suggest that neither employers nor labour are bound to a particular predetermined ideal level of bargaining. Their attitudes must be interpreted within a much wider context of perceived interests, needs and ultimately bargaining power. The latter is crucial in that the ability of either party to get their preferred level established, depends in the final analysis on their power and strength vis-à-vis the other. In a recent article on industrial relations trends in the Eastern Cape, Anstey (1989:40) reaches a similar conclusion:

In effect bargaining systems advocated by the parties reflect their specific needs and pressures, and are efforts to achieve positions of increased control or to neutralise other party's attempts to do so - as such they are issues of interest rather than right. Viable

systems emerge as the parties engage, confront, pressure and accommodate one another in a process of evolving power relations.

The attitudes and preferences of the respective parties for a particular level may of course coincide, but it may be so for different reasons and considerations. Furthermore, the bargaining structure, once it has been established, persists for a long time and has in turn significant consequences for the relevant parties, notably their power relative to one another and the outcome of negotiations between them.

Any attempt to account or even partly account for the development/establishment of a particular bargaining level must take the historical context within which a particular bargaining structure develops, into consideration. Jowell (1988:64) confirms this when she argues that bargaining level is 'a product of history, of managements' perceived best interests, of their bargaining partners' perceived best interests and, finally, the relative bargaining strength that either of the two main parties can use to secure their interests at any point in their history.' This, of course, is not to say that 'history' can fully account for bargaining structures, but it may be viewed as to at least partly account for the development of the current structure (Windmuller 1987).

Within the context of historical developments, important factors come to bear on the development of bargaining structures within a particular society's industrial relations system - 'some towards centralisation other towards decentralisation, while still others might oscillate in either direction' (Windmuller 1987). The identification and role of such factors not only require an analysis of countries where local bargaining has always been the predominant level but also necessitates an analysis of decentralising trends in those countries whose bargaining structures have always been essentially centralised. The latter's relevancy follows from the fact that many of these



bargaining structures, as was shown, are exhibiting trends towards increasing decentralisation and a move towards local level bargaining.

Accounting for the development of local bargaining necessitates the identification of forces operating in this trend. Of particular significance is the socio-economic and political factors that come to bear on the industrial relations of a country and aspects thereof. This is essentially the point Douwes Dekker (1986:41-42) makes when he notes:

The rewarding, frustrating and challenging aspects of industrial relations stem from its location in the socio-economic reality of a society and the requirements that it be built on the historical and cultural specifics of that society.

These socio-economic and political considerations constitute the environmental context within which a particular country's bargaining patterns develop. In Chapters 6 and 7 of this section, the influence of these environmental factors on the development and establishment of local level bargaining will be explored. In particular, the focus will be on macro-economic considerations, government policy and labour legislation.

The distinction between these factors is primarily an analytical one and accounting for local bargaining in terms of these variables, is problematic. The following comments highlight some of the more salient problem areas:

1. The so-called environmental factors cannot be seen or interpreted as to fully explain the development of local bargaining. At the very most, they must be seen as to relate to such development. In a sense they represent necessary but not sufficient conditions. Put differently, they may be viewed as constituting a conducive structure of some sort for such development.



2. The development of local bargaining and the relative prominence it enjoys within the industrial relations system of a particular country, is the function of the complex interaction between different factors at a particular point in time. Thus, economic and socio-political factors do not function independently or autonomously but are interrelated and interconnected the nature of which will vary from time to time within a specific society.
3. The relative significance or weight of a particular factor for such development varies between different countries' bargaining arrangements as well as within a particular country. The relative significance or weight of a specific factor may also vary over time and within specific historical configurations.
4. As argued in Chapter 2, local bargaining is defined as to encompass enterprise/company, plant and shopfloor bargaining conducted formally or informally. It is to be expected that some of these factors tend to relate more to certain manifestations of local bargaining than to others.
5. As implied in the above paragraphs, there is no simple one-to-one relationship between a particular environmental factor and local bargaining. Rather, the latter must be seen as the outcome of the complex interaction between various factors. This complex network of interrelationships between a whole range of factors complicates any attempt to systematically account for the development of local bargaining. Furthermore - and this is a crucial point - factors may be seen to relate to bargaining levels not necessarily in any simple and direct way, but rather via the intervening variables of the attitudes, and more pertinently, power of the bargaining parties conditioned by perceptions of vested interests. Equally important is the fact that the attitudes, power and

interests of the parties invariably feed back into some of these factors. It is thus suggested here, and hopefully to be substantiated, that socio-political and economic factors more often pertain to the bargaining power of the relevant parties than they relate to the development of local bargaining in any simple and direct way. Again, broad societal factors also do not 'tell the whole story'. For, in addition to socio-political and economic considerations, conditions pertaining to a specific establishment (plant or enterprise) may also foster (or discourage) the development and establishment of local bargaining. In Chapter 8, these factors are outlined and discussed.

## CHAPTER 5

### HISTORICAL CONTEXT: UNIONS, EMPLOYERS AND BARGAINING PATTERNS

#### 5.1 Introduction

The historical developments of trade unions, employers' organisations and bargaining patterns, and the relevancy for bargaining levels, are particularly well demonstrated in those countries discussed in Chapter 3.

In the case of Britain, for example, early trade unionism or 'new model' unionism was mainly characterised by craft unions or organising workers with specific trade skills. By 1914, however, this type of unionism was already showing signs of declining in relative prominence. While artisan or craft unions remained dominant in certain industries e.g. building and printing and some parts of iron and steel, they were increasingly being seen as inappropriate in the light of mechanisation and the growing numbers of unskilled and semi-skilled workers in the workforce. (Greenberg 1980:279). Historically then, artisan unions were followed by the establishment of industrial unions which led some artisan unions to dilute their craft and accommodate lesser skilled workers. Industrial unions combined all workers within a particular industry irrespective of trade or occupation and were already enjoying some popularity by the end of the 19th century (Jackson 1977). Generally speaking, unionism was centrally met with fierce resistance from the side of employers who saw the collective organisation of labour as a threat to the relative uncontested power they exercised over the labour force.

Multi-employer or industry-wide bargaining was from the beginning most acceptable to both unions and employers but especially to the latter. They (employers) viewed industry-

wide bargaining as advantageous to their vested interests for the following considerations: (1) it reinforced the bargaining power of the employer if solidarity between employers could be established and maintained; (2) it minimised competition between individual employers because wages could be established at levels that were seen to be acceptable to the marginal firms (Gladstone 1984:37-38); (3) unions could be successfully kept out of the work place and at the point of production and (4) unions would be restricted in their encroachment on managerial authority and prerogatives (Windmuller 1987:85).

On the side of labour, industrial and so-called general unions preferred industry level bargaining as it was perceived to be advantageous to their interests as well. Given that wages were kept out of competition and 'undercutting' eliminated, a 'standard rate' was guaranteed to workers.

British unions' link - especially the socialist element thereof - with the Labour Party and broader political aims has always been less than clear-cut. Unions in Britain not only focus on economic and industrial issues, but they are also concerned with the 'good' of society in general and wider aims and aspirations making them a pressure group and 'cause' movement. Poole (1984b:55), in a similar vein, refers to a 'range of egalitarian-democratic ideas' which have influenced the labour movement since the late 1960's.

The role of the Labour government and its 'sympathetic' attitude towards labour and unions can of course not be denied. This was obvious when the present Conservative government came into power and 'shattered the post-war institutional structure'. As pointed out by Grundberg (1986:521), one of the strongest shopfloor labour movements has been dealt 'repeated blows and has been fragmented and demoralised'. Thus, while unions in Britain have preceded the development of political parties, there does exist a

link between unions and parties although not to the extent found in Europe.

The development of American unionism bears certain resemblances with that of its British counterpart. Unions were also initially craft-based and similarly remained dominant in certain sectors while eventually opening up their ranks to lesser skilled workers in other sectors, it also encountered strong employer opposition and it was not initially inspired by a particular political philosophy but instead had strictly economic aims and objectives although not exclusively so (Frenkel 1986:80; Jackson 1977:55-56). Like British unions, they had preceded the development of political parties sympathetic to their aims. This meant, and still means, that unions have not had any overly strong link with a political philosophy which has the reconstruction of the society as its objective. Unions therefore, do not really function or operate as a political pressure power group. When they do act as a pressure group, 'they do so on industrial rather than general social matters' (Jackson 1977:73).

The role of the social and political environment in discouraging broader political aims of unions is argued by Kochan (1980:165-166) as well. The American society, he says, 'has historically been unreceptive and often repressive to any radical social movement that threatened or challenged the basic premises of the free enterprise capitalistic system'. Referring to the fact that communists and socialists provided leadership for union organisation in the 1930's and 1940's, he concludes that efforts to implant communist and socialist political ideology among the rank-and-file members met with very little success. The main reason for this was that the environmental pressures were reinforced by American workers' 'lack of class consciousness' which 'precluded the formation or growth of a radical labour movement'.

A comparison between American and British unions also highlights important differences. For example, American unions did not develop and expand at the same rate as those in Britain and remained craft-based for a much longer period. The opposition it experienced was also much more fierce - unions often being labelled as 'un-American'. Although unions in both countries were represented by a single central organisation i.e. TUC and AFL-CIO, these organisations differed in their history, coverage and general acceptance (Jackson 1977:57).

The establishment of single-enterprise and plant bargaining was much favoured by American employers because they were extremely competitive in their relationship to one another. With the increase in the size of firms, employers developed a high degree of autonomy and self-sufficiency in their dealings with the employees in their organisations (Windmuller:85-86). The American society is often seen as to embody the principles of democracy and a free-market system to a greater extent than Britain and most other Western societies. The principles of liberalism and democracy are seen as deeply rooted in the societal structure with a strong emphasis on individual achievement. This strong competitive element is generally seen as an important consideration as to why employers on the whole refrained from organising themselves in employers' associations as in Britain and Western Europe and not co-operate with one another for the common benefit. Mention is also made by Windmuller (1987) of the American public's hostility towards mergers by corporations and cartelisation which can be seen as reflected in a whole range of anti-trust laws especially since the 1930's. When legislation was introduced in the 1930's, it favoured the attitudes and preferences of employers - given their economic power at that particular stage (Hyman 1975).

Unions were also seen to prefer dealings with management within the local boundaries of the plant and enterprise. As Windmuller points out, unions found it easier to organise

and win bargaining rights by concentrating their resources on the most promising enterprise or parts thereof instead of taking on the entire industry (1987:86).

Somewhat different historical circumstances existed in Western Europe. There unions did not have such a long history as those in Britain and the United States and formal bargaining structures in most instances developed only during the post-World War II reconstruction period. Employers organised collectively for very much the same reasons as those in Britain did resulting in the neutralisation of the work place from trade union activity (Anstey 1989). On labour side, the overall structure of Western European unions played an important role in establishing industry and national level bargaining. Jackson (1977:59) illustrates this by referring to West German unions which exhibit a much simpler structure compared to, for example, British unions. They are predominantly structured on the basis of industrial unionism. Of course, not all European unions conform to the German model but their structure is, comparatively speaking, still less complicated than those of Britain.

Two additional factors are seen by Hill (1983:154-155) to have contributed to European unions not being divided to the same extent as those in the United States and Britain. The first is patterns of industrial development and structure and the consequences for creating and establishing different union movements. In the case of Sweden, rapid industrialisation during the end of the 19th century did not create the type of craft-sector found in America and Britain but instead contributed to an 'undivided manual union movement'. In France, occupational and skill-differences did exist but labour market conditions, especially labour shortages during the 19th century, raised the rewards of the unskilled labourers. This minimised the gap between skilled and unskilled workers, sectional interests became less important and an undivided manual union movement could develop.

The second factor that influenced occupational sectionalism was the role of socialism as ideology and philosophy. European unions have been closely linked with socialism in the past, mainly as a result of socialist oriented political parties preceding the development of unions. (Kassalow 1982). The significance of socialism has meant that labour had political aims directed at the reconstruction of the capitalist structure through an essentially socialist revolution. Unions were always seen to be important instruments in the creation of a socialist consciousness amongst the working classes although, as pointed out in Chapter 1, pessimism has set in as to the extent to which unions can fulfill this task. Although divisions, especially along religious lines, existed between unions, political unity was deemed as of greater importance than sectional interests leading to the amalgamation of unions in those countries where they were originally organised along craft lines e.g. Germany. These developments meant that labour most probably preferred bargaining at more centralised levels because they were bargaining collectively as manual workers or as a 'class'. Bargaining on industry and national wide basis created the potential for solidifying a collective labour movement.

Unions and employers in Japan have a long and somewhat unique history and tradition. The first labour unions, similar to those in the West, developed at the turn of the last century. These were American-type craft unions similar in organisation and aims. They suffered, however, from internal weaknesses as well as opposition from employers and police - being perceived as a threat to stability and order (Okochi 1974). By 1901 this movement came to an end only to be succeeded by a second labour movement after World War I. Two types of unions were organised. One was the craft or industrial union (sometimes mixed) organised within a local labour market and based in many cases on radical socialist ideologies. Within the context of traditional status relationships, these unions were not considered by



employers or government as equal bargaining parties. These unions united with the socialist movement in order to change working conditions and social relationships by revolutionising the economic and political system.

The second type of union was the by now well-known enterprise union organised within single enterprises by employees and initially called 'vertical' unions. Such unions, according to Okochi (1974:46) were 'established within companies where lifetime employment relations had emerged and where, therefore, no contract existed through the labour market between employees of different enterprises'. Lifetime employment relations were to be established mainly in large-scale firms. In very small businesses, master-servant relations based on the authoritative family system, prevailed (Hill 1983).

Thus, when collective bargaining was firmly established after World War II, it was the enterprise level that predominated in most large firms in Japan. There are certain similarities between Japanese and American decentralised bargaining in that national negotiations were not deemed feasible. This is so because in both these countries, the upper level national union and management organisations have much less authority over their affiliates compared to the central union and employer federations in most other industrial democracies with the possible exception of Britain. The similarity between these two countries however ends in the decentralised bargaining structure itself for the roots of these structures differ significantly. While factors e.g. size of country, the competitive nature of the economy and organisational patterns among unions and employers play an important role in the American context, other factors operate in the case of Japan's enterprise level bargaining - notably the 'absence of social distinctions drawn from occupational differentiation' and the 'relative particularism that characterises Japanese life in general' (Okochi 1974:503). It must also be kept in mind that American representatives' presence in Japan following

World War 11, had a marked influence on the nature of Japan's labour relations system.

This historical account does not exhaust the complex factors underlying the development of enterprise bargaining within the Japanese context, especially the changes that have occurred in the nature of the Japanese workforce. The shortage of labour during crucial periods in Japanese economic development led to the practice, followed by large firms, to recruit young workers that had just completed school education. These employees were trained according to the specific skill requirements of a particular firm which made mobility between firms extremely difficult. This mechanism of recruitment ensured employers of a relative stable workforce. We can safely conclude that Japanese employers and employees favoured enterprise bargaining for a variety of reasons - some traditional, some economic - but in the final analysis, enterprise bargaining best suited their respective needs and interests.

## 5.2 The historical context of bargaining structures in South Africa

The history of South African trade unions, employers' associations and bargaining patterns - especially its dualistic nature - is intrinsically bound to the history of colonial conquest of the region and the nature of industrialisation commencing in the late 19th century.

The period of colonial conquest (1652-1870) was characterised by territorial expansion and the subsequent loss by the indigenous peoples of the exclusive control and use of land (Browett 1982:10-14). In some instances, e.g. Cape and Natal, labour shortage resulted in the importation of Indians and slaves. In the two Boer Republics, labour was ensured by various systems e.g. servitude, squatter tenant systems and sharecropping. All these arrangements

consolidated in the incorporation of the indigenous peoples within the so-called 'white' economy in a subordinate position.

#### 5.2.1 the significance of the mining industry

The discovery of minerals introduced industrialisation proper to an essentially agrarian society. It was however, the experiences of the goldmining industry which was to have a profound effect on the South African society and its political, social and economic structures. The dominant influence of the mining industry on the whole socio-economic fabric of South Africa during the years that were to follow, has been substantively documented by all prominent observers of trade union development. In the words of Stadler (1987:37):

The social and economic order established with its centre on the gold fields of the Witwatersrand produced an effective absolutism over the pastoral and agrarian communities of Southern Africa which by the turn of the century had coerced hundreds of thousands of labourers into employment on the mines.

From the beginning a shortage of skilled labour developed in the mining industry only to be relieved by the employment of skilled immigrants from Europe and especially from Britain and Australia. High wages were paid to these workers in order to attract and retain them. They also brought with them their own tradition and brand of industrial relations based primarily on a conflict orientation and ideas of trade unions modelled on the British guild system. Given their monopoly of skills and experience, they came to constitute from the very beginning the 'aristocracy' of the local labour market on the Witwatersrand.

Due to certain features of the South African goldmining industry, the profitability of the industry became largely dependent on the availability of a cheap and controlled

labour force. Because of the depth of the ore, production was highly capital intensive and costly. Furthermore, as the gold price was internationally fixed, mining companies were unable to pass increases in production costs to consumers. The average gold content of the ore was also low (Johnstone 1976). Thus, both 'control over the process of recruitment and control over the conditions of living as well as working became vital to the profitability of the whole elaborate enterprise' (Stadler 1987:38)

Faced with these dilemmas, small mining companies amalgamated into big corporations and devised arrangements to reduce labour costs and increase output. These arrangements consolidated trends towards the increasing subordination of blacks, resulting in the destruction of the indigenous economy and the consolidation of white supremacy.

The increasing mechanisation of production, accompanied by deskilling of tasks, contributed even further to the growing dependency on cheap unskilled labour (Lewis 1984). Given that Africans represented the core of the unskilled labour pool, they came to constitute the greatest threat to skilled European workers. The substitution of white skilled labour by cheaper unskilled black labour had become a very real possibility. This contributed greatly to white workers viewing themselves, first and foremost, not as industrial workers but as white (and thus privileged) industrial workers with obvious implications for a potential unified worker movement in South Africa.

The potential employment of cheap black labour was not the only threat being posed at the skilled immigrant worker. The end of the Anglo-Boer War during the first years of the present century, left a vast number of white farmers homeless and destitute many of whom migrated to the urban industrial areas in the hope of securing viable jobs. These poor and unskilled white workers similarly constituted a pool of cheap labour for the mine owners. However, both groups of white workers - skilled and unskilled - possessed

political and trade union rights which they could use to resist reduction in their wages (Ncube 1987:11). They constituted, in Greenberg's terms, the 'dominant' wage-earning population or 'bounded working class' being composed of or including in various proportions, an 'aristocracy' and a 'lower stratum'. Both of these groupings were differentiated from the 'subordinate' wage-earning population of the 'proletariat' proper (1980:277).

Lewis (1984) points out, however, that unskilled Africans were preferred by employers to 'poor white' Afrikaners because they could be paid even lower wages and were subject to extra-economic controls. Africans were compelled into the labour market by poll tax and, once at the mines, Master and Servants laws, pass laws and the compound system made it difficult to leave.

White European workers had already started to organise themselves into unions in order to secure their interests against mine-owners and, from the 1890's, employed militant tactics (Lewis 1984). Most of these unions were of the skilled or artisan types closely resembling those of the British. The beginning of the 20th century witnessed various strikes by white and black workers on the mines and railways - a feature that was of great concern to the authorities. Various legislation was introduced to curtail violence and commissions of inquiry into labour relations were set up. World War I partly stabilised the situation - a situation that was to last up till the 1920's. Secondary and service industries had developed by then, employing mainly unskilled and especially semi-skilled workers from all race groups. These employees subsequently came to organise themselves into unions as well.

Despite various legislative measures - such as the 1911 Mines and Works Act - to secure positions for white workers on the mines, the potential threat posed by available black labour, remained. The falling gold price, the increasing strike rate and increasing mechanisation combined to

exacerbate the situation, eventually culminating in the 1922 Rand Rebellion and the crushing thereof by the government of the day. This occurrence is crucial for the analysis of collective bargaining in that it resulted in government intervention proper in the sphere of labour relations.

#### 5.2.2 craft unions

Artisan unions emerged at critical points in industry where groups of workers in skilled or strategic positions were able to formalise by organization their scarcity or importance. They made a special claim to status in the industry and to protection from the competition of unorganized and unskilled operatives (Greenberg 1980:278).

Given the crucial role played by the British immigrants during the initial stages of industrialisation in the mining industry, it comes as no surprise that the history of unionism, employers' organisations and bargaining patterns in South Africa have much in common with British developments. Trade unions first emerged among the highly skilled and paid workers following the British, and to some extent, American example of craft organisation (Williams 1979; Lewis 1983). This followed from the fact that as late as 1913, unions and their leadership in South Africa had remained largely in the hands of British immigrants on the Witwatersrand (Williams 1979:63-64).

The association of race with possession of skills, already entrenched in the traditional South African way of life, combined with Australian racial protectionism (Lewis 1984; Williams 1979), the threat of cheap African and Chinese labour - the latter being introduced in 1903 and 1904 in the Transvaal - and the Chamber of Mines' threat to lower production costs by employing African labour, resulted in, what Williams calls, 'a form of highly race conscious craft unionism' in the mining industry (1979:68). Two forms or types of racial discrimination characterised the mining-

industry i.e. 'wage colour bars' enforced by employers in order to reduce labour costs and 'job colour bars' enforced by government and white miners and unions to secure important jobs for whites, Cape coloureds and Mauritian Creoles (Johnstone 1976). Both these 'bars' entrenched racial discrimination at the work place.

Strikes by white craft unions against the intention of the Chamber of Mines to change the status quo agreement which regulated the ratio of whites to black workers and dismiss unskilled and semi-skilled white miners, resulted in the Rand Rebellion. This action by the unions is generally interpreted as the final militant expression of the closed craft unions in trying to protect itself from the existing availability of cheaper labour.

Craft unionism of course, was not restricted to the mining industry and as Lewis (1984) and others have shown, craft and artisan unions soon came to characterise other industries as well e.g. railways and iron and steel in the late 1920's. These unions also in time came to adopt the principle of racial exclusiveness characterising the mine unions. However, important differences as to the organisation and strategies employed, existed between them and the mine unions during the early years.

While the correspondence between organising workers along craft lines with developments in the United States and Britain is usually recognised, the racial exclusiveness of South African artisan unions is often viewed as somewhat unique although not exclusively so as pointed out by Greenberg's comparative analysis of unionism (1980). Caution, however, must prevail in interpreting early trade unionism in South Africa exclusively in terms of the racial dimension.

Following Lewis' approach which is based on Braverman's (1974) work, trade unionism is essentially 'a response to the way in which work is organised' and 'changes in trade



union forms and strategies take place within the limits set by the development of the particular labour process'. This approach, as Lewis warns, must not be interpreted as being overly technically deterministic for it does not negate or exclude the influence of political and ideological considerations. As noted by him ... 'The same political and ideological considerations which bear on society as a whole also influence trade unionists and their organisation'(1984:3).

In accordance with Hyman's (1975) conceptualisation, Lewis defines craft unions very specifically as being founded on the principle of unilateral control. Thus the union has the exclusive right to determine the rules of the trade, rates of pay and enforce these measures. The key to the South African craft unions thus lay, as O'Meara (1983b) notes, in the fact that the unions, and not management, determined the criteria for, and control admission to, the craft. This was made possible by unions through rigorous apprenticeship rules and could only exist where skilled workers 'retained a strategic position within the production process' (Lewis 1984:19). The craft union is thus a very potent weapon where the need for skilled labour is especially strong and is by its very nature, elitist and exclusivist (O'Meara 1983b:168).

In terms of the above criteria, mine unions in the South African context did not or could hardly qualify as craft unions for the traditional miner was particularly vulnerable to substitution and deskilling. This left the mine union impotent to unilaterally control or determine rules of the trade. The very real threat experienced by white mineworkers of being substituted by alternative labour, resulted in mine unions resorting to strategies of racial exclusion from the very beginning. For example, white miners were subsequently to fill supervisory positions in the mining industry.

The nature of the labour process characterising artisan or craft workers in industries other than mining, was somewhat



different. During the earlier years of their existence, these unions, in trying to protect their skills and privileged position, applied the apprenticeship systems, closed shop agreements and a strict code or demarcation in accordance with practices upheld by craft unions in all countries. Thus, skilled workers could resist the capitalists' attempt to gain formal control over the labour process. But these skills were still transformable by employers and in the words of Lewis, for those skilled workers that remained, 'it was not so much their privileged position as the vulnerability of that position which was important and determined trade union strategy' (1984:18).

Some unions, of course, did in fact use the mechanism of racial exclusiveness to protect their skills and the relevancy of the Australian example of implementing a white labour policy in influencing trade union development in South Africa should not be underestimated. Although the craft unions were somewhat ambiguous in their approach on this issue, they did not, like their counterparts in the mining sector, demand rigid colour bars.

Referring to the metal and engineering industries, Lewis shows that there was no wide-ranging reorganisation of labour processes in these industries during the first quarter of the 20th century. For this reason then, no serious and sustained effort were made by the unions to establish 'colour bars'. Efforts were put into slowing down the rate of deskilling and fragmentation. Thus, where mineworkers increasingly came to rely on the state to protect their vested interests, craft unions to a much greater extent, relied on apprenticeship quotas and other techniques in order to maintain control over the labour process.

By the 1920's however, attempts by employers to introduce mechanisation and deskilling increased significantly and were often aimed at opposing or restricting the militant strategies adopted by unions before 1922. Notwithstanding

these efforts, techniques of militant trade unionism did survive these attempts. The crucial point, however, is that where craft unions were immediately threatened by a changing labour process and dilution, one possible response was for 'racial attitudes to harden' depending on the rate of deskilling being enforced by employers e.g. steel and railways. Thus, when deskilling became inevitable, craft unions created a 'new hierarchy within the work-place which was no longer based on skills, but simply on race'(Lewis 1984:45). This was especially to happen during and after World War II with the introduction of mass production techniques. This was facilitated by state initiated and sponsored dilution and wartime control and the regulation of labour in the building and engineering industries.

Mechanisation and new production technology thus may only displace skilled workers if management has the option of substituting them by lesser skilled workers. Where artisan unions are forced to dilute their skills and crafts, 'they may be in a better position to impose limits on the downgrading, particularly where the downgrading comes up against the boundaries of the bounded working class' (Greenberg 1980:280).

The response of the South African artisans in establishing themselves as 'pseudo-craft unions' was markedly different from responses by British artisans, the latter of whom experienced similar developments during World War I in these industries. The Amalgamated Society of Engineers following the amalgamation of the smaller craft unions with the British Amalgamated Society of Engineers, opened its ranks to all male engineering workers (Lewis 1984:88).

### 5.2.3 early black trade unionism: the ICU

Ncube (1987) notes that different factors contributed to the formation of black unions than those applying to white

workers. Black unionism was first established after World War I and prior to it, blacks did not actively pursue union organisation. Noting the relevance of politically motivated white members of the International Socialist League in organising black workers, Ncube identifies some of the reasons why the League found it reasonably easy to attract black workers e.g. economic circumstances of the war exacerbated the harsh socio-economic lifestyle of black workers. Being excluded from craft unions, black workers were attracted to the influence of white political interest groups and strikes by black workers demonstrated their potential power and need for organising themselves.

From 1918 onwards, black workers were active in organising industrial action and participated in a wide range of strikes and protests and in 1919 the Industrial and Commercial Workers Union (ICU) was established. The history of the I.C.U. has been documented by writers like Bonner (1983) and demonstrates the success and ultimate failure to develop into a viable union organisation. The ultimate demise of the I.C.U. is commonly attributed to its failure to organise the urbanised African worker and concentrating rather on the dispersed rural African population (Webster 1983, Ncube 1987; Bonner 1983). Thus, there was an underlying weakness of analysis and strategy. While the objective of a fundamental redistribution of economic and political power was clear, the means to achieve this was less clear (Bonner 1983:115). Other factors also contributed to the 'failure' of the ICU to constitute a strong and viable union e.g. the opposition of the white population and government and the subsequent exclusion from statutory bargaining arrangements in 1924 as well as opposition from the established white unions and employers' associations. Ncube (1987:44) quotes Johns II (1970) in demonstrating the nature of ICU opposition:

At the time of the ICU white trade unions were aggressively asserting their protectionists interests. The Chamber of Mines and other key white employers including white farmers, displayed open hostility to

the efforts of the ICU to organize .... In a few instances when the ICU attempted to call strikes, the police and military power of the government was applied to cripple and crush them.

The opposition of employers to the ICU and especially their opposition to negotiate with its representatives, is similarly raised by Greenberg (1980:156-157). For example, the state registrar maintained that the ICU was no 'statutory trade union' and the South African Trade Union Congress also did not permit its affiliation. But of crucial relevance is the fact that the ICU, given its tactics and unwillingness to participate in strikes, could not actually penetrate the work place.

The conditions necessary for effective black trade unionism to develop, arose in the newly developing manufacturing sector during and after World War I and especially after World War II. During the 1940's, the African Mine Workers Union (AMWU) was to have some measure of success, especially given its involvement in the African mine workers strike during 1946. The focus of this labour organisation was not only on wages but essentially African trade unionism and control of the work place. The attitude of the employer (Chamber of Mines) was predictably hostile towards the aims of the strikers: it opposed the demands for wage increases, it succeeded in getting the state to crush the strike and confirmed its position that Africans were not yet ready to bargain collectively and that they were vulnerable to communist influences (Greenberg 1980:170).

#### 5.2.4 industrial unionism in South Africa

As in Britain and the United States, industrial unions in South Africa followed craft organisation and was closely linked to the expansion of the manufacturing industry during and after World War I. It also marked the establishment of the 'new' multi-racial industrial unions (Lewis 1983:123).

These unions were primarily structured in terms of the labour processes and labour composition of the industries involved. Secondary industrialisation created a demand for an enlarged labour force and workers were recruited mainly from the ranks of blacks and whites forced off the land by, inter alia, the Land Act of 1913 and later 1936, economic hardships following the Anglo-Boer War and the development of a large capitalist agriculture. In the urban areas, these workers provided a potential labour market for the new industries.

Factory work was mostly semi-skilled rather than skilled in an artisan sense and given increased rates of mechanisation with accompanying fragmentation of tasks and deskilling of jobs, workers were in no position to protect their existing skills. With little training, Africans, coloureds and Indians could with ease replace these workers. Williams (1979:72) notes that under these conditions, 'wages threatened to be determined by the weakest, and most vulnerable workers in industry' leaving whites with the realisation that 'there could be no question of any form of racially exclusive or protective craft unions developing in the manufacturing industry'.

Rapid mechanisation, job fragmentation and deskilling were sweeping away the basis of craft unionism for the labour processes were reorganised on the basis of 'semi-skilled' operative labour (Lewis 1984:48). In order to maximise their relative bargaining power and also to establish trade union discipline, industrial unions were to enroll all workers and were 'forced to embrace the logic of open industrial unionism' thereby creating the potential for a 'non-racial class alliance in the work place' (1984:46). Where craft unionism focused on the principle of 'entry', industrial unions' concern lay in preventing lay-offs and dismissals and ensuring job security. The effectiveness of these unions thus depended predominantly on fixing labour price, establish a rate for the job and to protect undercutting of wages by employers.

Industrial unions have two options open to them within a racially structured society i.e. to organise as 'open' or 'exclusive' unions. Within the South African context both forms of industrial unionism developed. Generalising on the difficulty of organising 'open' industrial unions within a racially divided context, Greenberg comments:

Multiracial industrial unions are organized against the tenor of society: often against the inclinations of the dominant workers directly involved, and almost always against the prevailing sentiments in the dominant section and the general direction of state policy (1980:284-285).

The above stated problems explain the marginality of these unions within the trade union movement in South Africa. Exclusive industrial unions were mainly organised in the state sector as well as in the iron and steel industry. Various options were open to them to guarantee their racial exclusivity. Firstly, barriers could be set 'around areas of dominant employment', 'limiting entry of subordinate workers' thus preventing undercutting. Secondly, unions may demand segregation or setting up parallel unions for subordinate workers. In both these cases, state assistance and machinery is required to provide mechanisms for controlling the labour market. The state in South Africa did not disappoint these unions in that they provided more than ample control measures in this regard.

From the 1920's onwards, a number of African industrial unions became established - again with the help of white political groups - growing parallel with sympathetic registered unions e.g. the South African Trade Union Council. The black unions established themselves mainly in the laundry, clothing and furniture industries and subsequently formed the South African Federation of Non-European Trade Unions.

Considerable militancy evolved from African workers and their unions creating a pattern of strikes in response to

victimisation and strikes designed to enforce payment of legal wage rates as stipulated by the Wage Board (Lewis 1983:133-135).

#### 5.2.5 1924 legislation and the attitudes of employers, craft and industrial unions

Corresponding with developments in most other countries, trade union organisation in South Africa was met with resistance from employers and state alike. The crushing of the 1922 Rebellion illustrates the fierceness of opposition very similar to experiences of trade unions in the United States and Japan for example.

As noted earlier, the Industrial Conciliation Act of 1924 was primarily intended to curb such union militancy on the part of white as well as black workers. While strongly influenced by already existing exclusionist practices, its very existence strengthened and entrenched these practices in that Africans were excluded from the official industrial council system (Lever 1983a:104). White workers on the other hand, were represented by highly organised and centralised craft unions. This arrangement included not only artisans but also public sector and white collar employees (Lewis 1983:122).

Both employers and craft unions viewed industry level bargaining as advantageous to their respective interests. Employers, like those in some other countries, viewed centralised bargaining as reinforcing their bargaining power if solidarity could be established, minimising competition between employers by keeping wages out of competition, a way of keeping unions out of the work place and a mechanism whereby unions' encroachment on managerial authority would be restricted.

Employers in the building, printing and other industries were, as Lever shows, 'eager to take out wages as a factor



in competition' and in this 'found common cause with their union counterparts...' (1983a:94). Employers saw other advantages in the newly created system as well. Being a highly formal and centralised system, power within the unions shifted inevitably to permanent officials and structures became highly bureaucratised. Decision-making was left in the hands of these officials leading to the alienation of the ordinary rank-and-file trade union member (Davies 1983:77-78).

The upshot of this attitude led many employers to actively assist in the organisation and establishment of unions predominantly by signing closed shop agreements and providing the necessary facilities for collecting dues. Davies also cites the example of employers becoming directly involved with the maintenance of union discipline by sitting on a committee of the industrial council which was hearing final appeals of members in default against union rules (1983:78).

For especially the artisan type unions e.g. Amalgamated Engineering Union and the South African Typographical Union, industry bargaining meant the enjoyment of protected job security by law and effective organisation and participation in the formal structures provided for by the legislator. These unions were rather conservative - seldom being involved in strikes and disputes (Williams 1979). The fact that unions were kept out of the work place did not seriously pose a problem for the more skilled white worker. Given their traditional monopoly of skills and the demand for such skills, they were ensured of high wages within their respective establishments often in excess of standard wages being negotiated at industry level. There was thus limited need for fragmented bargaining at the place of work (Piron 1986). Employers were willing to pay these high wages for it could be financed at the expense of African wages given Africans' 'additional means of rural subsistence'.



The 'new' industrial unions, like the artisan unions, came to participate in the industrial council system. The benefit of industry level bargaining for employers was noted by the 1935 Industrial Legislation Commission as quoted by Lewis (1983:123):

The trend of industrial development during the past few decades has been such that it is much more convenient for employers to negotiate with one large union representing all classes of workers in their industry, rather than with a number of separate craft unions representing only sections of their workers.

Industrial unions, being composed of mainly semi-skilled and unskilled labour, preferred centralised bargaining. The establishment of a standard wage rate meant that employers could not easily undercut rates within their particular establishments. Being less skilled, the security of the multi-racial industrial unions lay in a unified or united labour organisation which was viewed by these unions themselves as to include African workers.

It goes without saying that the state benefitted to a very important degree from the 1924 legislation. The Act, by providing the unions of a 'network of regulations and institutions' largely minimised militancy within existing labour relations (Lever 1983a:104). Conflict was now firmly institutionalised in accordance with pluralist principles at least where white, coloured and Asian workers were concerned.

Centralised bargaining thus seems to have benefitted all the parties concerned although probably not always to the same extent. For employers and the state, it meant that industrial conflict was being curbed - a development welcomed after the strikes and violence of the pre-1924 years. Unions and labour relations were now structured, regulated and essentially controlled. Wages were kept out of competition thus excluding or minimising the practice of leap-frogging associated with more decentralised bargaining. The privileged position of skilled labour functioned to

protect white workers ensuring them of high wages while the less skilled industrial workers were to gain from a standard wage rate especially during periods of economic downturn and recession.

While the parties who were legally entitled to participate in the formal machinery were all seen to benefit from industry level bargaining, a very substantial component of the workforce was excluded from these arrangements. Given their exclusion, African unions were mainly parallel unions set up by established unions on racial lines. Existing industrial unions were prepared to admit them openly into their ranks. The artisan unions however, preferred these unions to grow at their own pace and not get involved with their organisation and development. A small number of unions, mostly comprising of newly urbanised Afrikaners, wanted African unions outlawed for 'while the latter were excluded from registration and formal participation, their existence were not unlawful'. World War, II, increasing industrialisation and employment of African workers resulted in the state clamping down on these unions especially during the 1950's and 1960's (Friedman 1987).

During the 1970's there was to be a tremendous upsurge in the establishment of so-called 'independent', 'new' unions as well as an escalation in the rate of industrial action by these unions. Circumstances contributing to this development and which were to reflect the growth in black labour power culminating in an upsurge of local bargaining proper from the 1970's onwards, will be the focus of the following chapters.

### 5.3 Historical developments in comparative perspective

From the above account of the historical development of trade unions, employers' attitudes and bargaining patterns, it is clear that unions in the United States, but especially

in Britain and South Africa, have a relatively long history compared to their counterparts in many of the West European countries. They are also more complicated in both structure, organisation and development. Part of the explanation can be found in the patterns and rates of industrialisation with accompanying changes in the way that work is organised i.e. the nature of the production processes involved. The changing nature of labour processes not only presents a meaningful way for interpreting union organisation and development within a particular societal context but also for comparing developments between societal contexts.

The white craft unions in South Africa, like those in the United States and especially Britain, experienced dilution through the processes of mechanisation and deskilling. Their response to changing labour processes and the strategies employed in order to protect their craft skills, were very similar during the initial stages e.g. the militancy of union behaviour and the application of the apprenticeship system, closed shop arrangements and strict demarcation codes. In the British and South African examples, similar forces contributed to an increased rate of mechanisation and deskilling processes i.e. wartime conditions and efforts by employers and the state to speed up mechanisation and control of the labour process. Confronted with the inevitable dilution of skills, South African craft unions did not however, like their British and American counterparts, open their ranks to incorporate all diluted workers within a particular trade. Instead they opted for racial exclusiveness to protect their interests and constituted themselves as so-called pseudo-craft unions (Lewis' term). This was especially to be the case in the engineering industries. It is difficult, says Greenberg, to imagine that ..

artisan unions would not find the racial order enormously congenial. Unions that ordinarily focus upon entry barriers to jobs and union membership, should have little difficulty working within a labour framework that insists on privilege and barriers in the labour market. Where artisan unions encounter

unskilled, physically distinctive, and socially stigmatized workers, they will almost certainly develop policies that discriminate against them (1980:280).

In most countries industrial unions were to follow craft unions. Usually organising workers within a particular industry irrespective of skills and trade, these unions are central to the manufacturing industry. Jobs are normally highly fragmented and less skilled relative to craft work due to a high degree of mechanisation. Under these circumstances, job security becomes a central issue with workers and their unions. Open unionism and large numbers are crucial to bargaining power - facts which were seen as underlying the multi-racial nature of these unions during the first years of their existence in South Africa. In this, industrial unions, at least up till the late 1940's, corresponded with the nature and organisation of industrial unions elsewhere.

Industry unions, from the relative beginning, were central to trade union development in many of the West European countries. In the latter, bargaining structures were established relatively late - mostly after World War II. Not only have unions in these countries a much shorter history but they were from the beginning much more simple in structure and organisation, fostering the establishment of industry and national level bargaining as the predominant level. Many of these countries experienced rapid industrialisation resulting, in the Swedish case, in an 'undivided union movement'. Where skill differences did exist e.g. France, rapid industrialisation and labour market conditions contributed significantly in closing the gap between skilled and unskilled labour. In Japan, on the other hand, the demand for labour during industrialisation was accommodated by other means i.e. employment of new school leavers within specific enterprises.

The role played by race and state in the South African case and the unique way in which the Japanese have responded in

coping with industrialisation and changing labour processes, demonstrate - as Lewis himself warns - that the ways in which work is organised and structured cannot provide a complete answer to how trade unions organise and develop and how specific bargaining patterns come to be established in different societal contexts at specific historical moments. Factors other than the nature of the labour process have a significant influence on these matters.

#### 5.4 bargaining parties' preferences and community of interests

A historical outline as presented here, highlights two very important considerations the first of which relates to relevant bargaining parties' attitude towards and preferences for a particular bargaining level at a particular point in time. Although in general terms, labour's preferences seem to have corresponded with those of employers, it was the latter who had the economic power to in fact realise their preferences. In many cases, particularly in South Africa, the state has supported employers' interests where it had been practically involved, not only where union organisation was concerned but also in formally establishing a particular structure and level. The state, as was shown, as well as employers and white employees, benefitted from industry level bargaining in South Africa. In particular, the state gained a high degree of control.

Secondly, the significance of a community of interest amongst employers and employees respectively, is likewise demonstrated. In the United States and Japan, employers did not develop the necessary community of interest with other employers and instead preferred to act independently and autonomously within their respective firms. Employers of particular firms or plants within these countries shared common interests to the extent that they came to favour

bargaining at the enterprise and plant level. In most other countries, community of interest developed within a particular industry. In combination with the development of industrial unions during secondary industrialisation, this contributed to the centrality of industry level bargaining in many countries of which South Africa is a prime case in point.

Employers, however, do not always have the power and thus the ability to determine or influence bargaining levels. Neither have they always had this power in the past. The relative power of parties is subject to many considerations and influences, some of which will be considered in the following chapters.

## CHAPTER 6

### MACRO-ECONOMIC FACTORS

#### 6.1 Introduction

In most countries, macro-economic considerations have a very crucial influence on bargaining structures and levels. Generally however, the influence of such factors on levels is seldom direct. Rather is it more a case of these factors influencing the power of bargaining parties and thus their ability to establish bargaining at a particular preferred level. The most significant of these economic factors are the economic growth rate of a particular country, the level of employment, the scope of labour and product markets and the rate of inflation (Kochan 1980). These factors do not function autonomously and are very much a function of certain economic policies formulated by the state or government of the day e.g. fiscal, monetary and sometimes incomes policies (Grundberg 1986:506).

Historically and other considerations being equal, the nature and scope of labour and product markets have always been significant in that bargaining tends to be local when these markets are restricted. Bargaining eventually tends to move towards industry-wide level as the nature and scope of these markets expand. Unions have in general reacted by trying to protect their positions and interests as these markets have extended. They accomplish this by taking wages out of competition so as to eliminate 'undercutting' and to establish some sort of wage equalisation. In very general terms, employers, as noted, also prefer to negotiate at higher levels so as to undermine or temper cut-throat competition amongst themselves, reinforce their collective power, keep unions out of the work place and restrict encroachment on their authority. Generalising on the origins and development of employers' associations, Windmuller

(1984:3) refers to the fact that in an era of local markets, most of these associations were initially formed at local and sometimes regional levels. In this they corresponded to similar developments among unions, 'their formation being linked to advances in communication and transportation and to the expansion of markets that were enabling unions, too, to enlarge their organizational structures'.

The growth rate of the overall economy of a country and particularly the level of employment, have a direct bearing on the ability of unions and employers to get bargaining established at a particular level. Generally, it follows that under conditions of high economic growth and a subsequent increase in labour demand, the relative power of labour increases, enabling unions to withhold labour for better wages and working conditions and to determine at which level bargaining is to be conducted (Rigby 1985; Kochan 1980; Grundberg 1986).

Given these generalisations, the influence of economic factors on the power of labour and employers and ultimately the development and establishment of local bargaining within the South African context may be considered.

## 6.2 Economic growth, labour power and local bargaining in the South African context

### 6.2.1 labour markets

Black labour's weak position relative to employers as well as white labour, especially prior to the 1960's, was very much rooted in the nature of industrialisation being imposed on the socio-economic and political fabric during the period of colonial expansion in the 17th and 18th centuries. As argued, the division of labour, within especially the goldmining industry, resulted from efforts to obtain cheap labour to cut production costs and thereby laying the



foundations of a highly stratified and segmented labour market in other sectors of the economy.

On the demand side of the labour market, segmentation occurs primarily on the basis of race, followed by sex, occupation, skills, geographical location, etc. On the supply side, certain factors reinforce this segmentation e.g. educational profiles of the race groups, the differentiation between urban and rural blacks and the migrant labour system (Nattrass 1988:227). As argued in the previous chapter, the relative lack of power, however, did not preclude the organisation of black workers and militant action directed at differential wages and the colour bar on the mines during the early years of industrialisation.

#### 6.2.2 economic growth and labour power

The development of the manufacturing industry commencing in the 1920's, rapidly expanded during the following decades. Stadler shows that whereas in the 1920's capital investment in manufacturing stood at R48 million compared with R138 million invested in mining, this had grown to R80 million by the 1930's and R152 million by 1940. During the 50's, investment in manufacturing amounted to R823 million while in mining it only amounted to R293 million. This trend was accompanied by an equally dramatic rise in the number of Africans employed in manufacturing from 35 065 in 1916 to 69 895 in 1930 with the most substantial increase in the period 1936 to 1945. By the 1980's, 780 200 Africans were employed in this sector resulting in an ever growing urban African population (1987: 58-59).

The development of the manufacturing sector did not eliminate wage differentials as it existed in the mining industry for such differentials and other features were transferred to the newly established sector. The latter was to benefit from an already established labour market.

However, it has been shown that wages of workers in manufacturing were not only considerably higher than those paid to mineworkers (and agricultural workers), but that in general, there was at that time, a much less marked radical demarcation of jobs - despite efforts by government to secure differential access to employment - in this sector (Stadler 1987; Davis 1983). Lewis (1983) also points out that large-scale factory production was not yet dominant during the early years, resulting in employers providing jobs to female labour and juveniles in order to cut wages and accumulate capital.

As in the mining industry, black labour in the manufacturing industry often, and at various stages, militated against this exploitation and, as pointed out in Chapter 5, joined white workers in establishing industrial unions and participated in strike action.

White labour's position within the economy has always been much stronger given their access to political power through voting strength - a source of power denied to black workers. Apart from this salient point, their privileged position within the labour market also has its roots in the historical developments of the political economy of South Africa. While the immigrant workers had industrial power by virtue of their skills during a period of high demands, the unskilled white workers, originating from the rural areas, benefitted to an important degree from the racial privileges already enjoyed by the skilled white worker on the mines.

The rapid expansion of the manufacturing and tertiary industries after World War II, and especially during the 1960's, contributing to the high economic growth rate during the 60's and early years of the 1970's, had significant implications for the position of especially black labour. These changes should however, according to Nattrass (1989) not be ascribed to so-called 'indigenous influences' in the economy only. The exact nature and direction of the relationship between economic growth and socio-political

change, at any particular time, will be a reflection of that between the changing economic forces, the existing social and political structures and the aspirations of the current power majority.

A variety of socio-political and economic factors contributed to the rapid development of the manufacturing industry:

- (1) the expansion of the mining industry provided not only an expanding market for manufacturers but lay the basis for the growth of national capital - making diversification by mining-houses possible;
- (2) the state's intervention from the 1920's onwards through tariff protection, encouragement of import-substitution; the creation of a cheap supply of labour and in the 1960's, the crushing of working-class struggles and resistance restoring investor confidence (Cassim 1987) and
- (3) the inflow of foreign capital and technology in order to sustain developments, given a growing domestic market (Black & Stanwix 1987:47-59). Foreign capital investment was encouraged by stability in the 1960's following state repression. Direct foreign investment rose between 1960 and 1970 from R1 819 million to R3 943 million. In addition, national capital also took advantage of newly created opportunities to increase investment levels (Wolpe 1988:85).

These factors demonstrate that economic growth in any capitalist economy, represents a change in the balance of economic forces which in Nattrass' words, 'often generates or is generated by, concomitant changes in the social and political structures of that society' (1989:281).

Since World War II, growth in manufacturing has been accompanied by increasing monopolisation i.e. the increasing pre-eminence of large firms in a particular industry and the control by a handful of firms over the economy (Black & Stanwix 1987; Savage 1987; Gelb & Innes 1985). Before World War II, monopolies were to be found in the mining and finance sectors, the remaining sectors being relatively free of monopolising tendencies (Innes 1983). This situation changed drastically during the boom period of the 1960's as

the ownership of industrial capital became increasingly concentrated.

In accordance with overseas trends, the transition to monopoly capitalism has had some positive consequences for the power of industrial workers in South Africa. It has, in fact, increased black worker power in at least two ways. Firstly, the concentration of large numbers of workers on the shopfloor has been providing the material basis for the organisation of workers on a much wider scale than before. Secondly, as previously noted, industrial workers' position within the labour process itself has undergone important changes. Traditionally unskilled, black workers have greatly improved their position and power by occupying the semi-skilled categories within industry at an increasing rate (Wolpe 1988:86).

In spite of still being excluded from official bargaining structures and prohibited from organising in legally recognised unions at this stage, their entry into manufacturing, backed by extensive industrial action during the 1970's, have provided African workers with a significant and growing power base. The quality of the black urban working class in the 1970's is shown by Wolpe (1988) to be qualitatively different from the 1950's and even 1960's in that they were more skilled, more educated, less easily replaceable and, the development of oppositional ideologies contributed to a more defiant work force.\* In general, this is supported by Nattrass' conclusion that the major source of increased labour power stems from the labour market.

While the position of black labour has greatly improved during this phase of economic growth, a similar, although not identical situation existed in Britain and many European countries during this period of world-wide growth. In these

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\* The history of black resistance to apartheid and the development of counter- or opposing ideologies have been substantively documented elsewhere e.g. Loge T (1983), Motlhabi M (1984) and Gerhard G (1979).

countries, governments had committed themselves to the principle of full employment extending from World War II to the 1970's. Commitment to high employment resulted in 'greater market strength for nearly all grades of workers' (Hill 1983:142-143). In most Western European countries, labour established and consolidated more centralised bargaining in order for labour as a whole to benefit from buoyant economic conditions.

But, full or high employment levels may also result in increased local bargaining - Britain being the prime example during the 1950's and 1960's. During this period shopfloor bargaining developed extensively. Banks (1974), for example, argues that under conditions of high employment levels, British employers, especially in the manufacturing industries, were anxious to recruit new members. The greater bargaining strength of particular groups in the plant resulted in informal bargaining activities between local managers or foremen and shop stewards.

Under favourable economic conditions, the British employers agreed to wage increases within enterprises and plants because they were dependent on labour for increased production rates. The wage increases were above those being negotiated at industry and national levels. High inflationary rates partly resulted from these higher wages as the latter were usually channeled back to increased consumer prices which again perpetuated high rates of inflation.

It was the enhanced power of shop stewards, their increasing bargaining activities in the work place, the rate of unofficial strikes and the wage drift after World War II that in the British example, eventually led to the appointment of the Donovan Commission. Thus, in Britain's case, the lengthening experience of high employment levels has resulted in the reliance of the individual employer on his work group and power of the shop steward as well as the

development of informal bargaining (Phelps Brown 1981:120-128).

In Britain, the effect of full employment on work place relations was not confined to the upsurge of intra-plant collective bargaining, but it has, according to Brown (1972:43), resulted in the growth of 'unilateral regulation by workers on the shopfloor which is expressed in employment or working practices acquiring the force of institutions'. The 'unilateral' regulation by workers has however, been seriously questioned by some observers.

These developments correspond with much of what has evolved in the South African labour relations context since the 1970's. The bargaining of black employees at plant level through recognition and other agreements owes much to, as in the British case, the exceptional power of shop stewards and their organisation at this level (Maree 1987; Friedman 1987).

#### 6.2.3 recession, labour power and local bargaining

The buoyant economic conditions characterising countries during the 1960's and the early years of the 1970's was followed by recessionary tendencies which in some cases have lasted well into the 1980's. Most countries' economies have been experiencing a low economic growth rate, high inflation rates and high unemployment levels.

Given this economic downturn, labour can be expected to prefer national or industry-wide bargaining especially where wages is concerned. This they will be expected to do in order to at least secure a standard wage rate for all relevant employees. But under conditions of low growth rates and high unemployment levels, their reduced bargaining power will be a significant obstacle in establishing more centralised bargaining. The power of unions in most

industrialised societies has been greatly undermined by increasing rates of unemployment, the introduction of new technology aimed at higher productivity levels and a marked change in the composition of the work force given the shift from manufacturing to service industries - the latter which employ a qualitatively different type of worker (Maller 1987a).

On the other hand, employers' power has generally increased relative to that of employees (Poole 1984b). Given the additional circumstances of increasing competitive pressures from product and labour markets, one can expect employers to prefer greater decentralisation and local bargaining (Windmuller 1987:87-88). In Britain for example, managers have experienced strong pressures in recent years 'to hold down wage costs, improve productivity and "shake out" unwanted labour' (Hawkins 1981:1). There is on management's and employers' side an overall effort to link employees' compensation more closely to individual performance (Windmuller 1987:115). The preference of employers for fragmented bargaining units in order to gain independent control has met with resistance from workers and unions alike for the latter is demanding higher real incomes, greater employment security and more influence and participation in decision-making processes (Hawkins 1981:1). Thus, in order to maintain a viable and competitive market position, most employers and managements prefer negotiating within their own firms and plants. This leads Banks (1974:34) to conclude that even if unemployment in Britain for example, continues to rise, it is 'unlikely' that there will be a reversal to the type of nation-wide bargaining of the inter-war period as plant bargaining has been firmly institutionalised.

It has been an acceptable practice in many countries experiencing severe economic difficulties e.g. high unemployment levels, high inflation rates, trade balance difficulties etc. for governments to formulate and devise incomes policies. These policies were introduced during



1973/1974 and have also followed from governments' more active role in the management of many countries' economies. Incomes policies may be defined as an attempt to alter the national level of wages and salaries, or to alter the rate at which they change, and one of these objectives cannot be achieved without affecting the other (Clegg 1979:345). Incomes policies have significant consequences for bargaining levels as well as the relative power of especially labour.

The most efficient way of obtaining the co-operation of employers and unions for such a policy to succeed has usually been through national confederations of employers' associations and trade unions and sometimes through tripartite bodies. This has an obvious centralising affect on the bargaining structures in most societies (Windmuller 1987:114). In this sense, it has been a constraint on conducting local bargaining. Up till now, incomes policies have not been a feature of the South African economic scene and have not influenced bargaining levels in any way.

Incomes policies place direct constraints on the power of labour in that it limits the size of the wage increase being negotiated by the parties. The acceptability of such a policy is thus questionable to trade unions as the following words of a British trade union leader seem to suggest:

Clearly, this kind of legislation can only be restrictive. It is not designed to make employers pay us more. It can only seek to reject, reduce or delay what has been won by shop stewards through the normal process of collective bargaining (Lambert 1970:376).

Perry Anderson (1967) similarly criticises the British Labour Party in formulating an incomes policy, for blocking the action of trade unionists and shattering their autonomy. Incomes policies have, in the words of Davies and Freedland (1983:6-7) 'gone to the heart of labour law by encroaching very directly upon the autonomy of collective bargaining...'



South Africa has experienced similar recessionary tendencies in its economy as from the mid-1970's up until the 1980's (Keenan 1984; Haysom & Webster 1984; Black & Stanwix 1987). The present economic climate has been a long-term downswing or crisis rather than just a short-term recession characterising economies in general.

Says Kaplan (1987:525) of the present recession in South Africa:

Recessionary conditions have become the South African norm and periods of expansion only limited and temporary aberrations. It is these exceptional features which justify the term 'crisis'. In contemporary South Africa, sustained and meaningful growth no longer follows from recessionary phases. Each of the upturns experienced since 1974 (i.e. 1975, 1980, 1983 and 1985 and 1986) has limited growth and has rapidly petered out.

Normally, short-term downturns do not necessitate a fundamental restructuring of the economy in order to stimulate growth but is usually resolved by fiscal and monetary mechanisms devised by government. Generally it involves government spending to raise overall demand thereby creating demand and employment or expanding credit in order to encourage investment by companies and consumer spending through higher purchase (Gelb & Innes 1985).

During the past 15 to 20 years, these measures have been unsuccessful in restoring growth, indicating the seriousness of South Africa's present growth problems. The existing 'growth model' - i.e. relative stable pattern of economic advance within the specific institutional framework of apartheid - is, in Cassim's (1987) view, beginning to break down. During the periods 1962-72, 1972-81 and 1981-1986, the average annual growth rates have been 5,5%, 3%, and 1.1% respectively. The recent recession is especially serious according to Gelb and Innes because 'cyclical downswing simultaneously involves high inflation' resulting in so-called 'stagflation'. The main causes of stagflation is seen by the above writers to be high interest rates, the falling

rand, the falling gold price in dollar terms and the balance of payment deficit. In order to 'wipe out' the deficit, the government has opted for 'pushing the economy into recession' resulting in economic stagnation (1985:31-32).

The recession has also been influenced by immediate international and local causes. The former relates to the monetarist policies of the United States and British governments while the latter relates to the government raising interest rates which have plunged the economy into recession. Certain factors are seen to have influenced the decision to raise interest rates of which the borrowing level has been very significant. This borrowing has had three sources i.e. consumers, companies and the state. The latter has especially spent on defence, black education, 'homeland development', white civil service salaries and wages and farmers' subsidies.

#### 6.2.4 monetarist government policies

In response to this situation, the South African government has chosen fundamental restructuring in the development of a new social structure of accumulation. This is manifested in a new approach of neo-conservatism and monetarist economic doctrines.

While the said objective of the current monetarist policy is to bring down the rate of inflation, it has worsened the rapid decline of the economy and manifested itself in the following trends:

- (1) a shift of investment from production to the financial and service sector activity (de-industrialisation),
- (2) the fact that capital goods production is lagging behind newly industrialised third world countries and
- (3) capital stock i.e. machinery and equipment, is being run down having a negative impact on future

productivity and competition regarding manufactured goods.

Monetarism in its broadest sense, can be understood to 'achieve a major change in the balance of power ... and a restructuring of the system of production' (Gelb & Innes 1985:36). Thus, while the objective of the current government-imposed recession is to lower inflation rates, it is simultaneously an effort, (or at least in its consequences), to restore the power balance between capital and labour. Increased unemployment rates result in weakening the bargaining power of trade unions in the hope 'that real wages will decline further and domestic profitability be restored' (Cassim 1987:544).

The long-term goal of a monetarist-induced recession is, in the view of Gelb and Innes (1985:37), consistent with the original aim of the post-Wiehahn labour dispensation i.e. 'to restore capital's power over labour'. This has to be restored on the shopfloor and the labour market. A monetarist policy objective is, in the above authors' view,

to draw the unions' teeth, forcing them into the defensive in the face of massive retrenchments. This would both reduce their future ability to win wage increases and weaken their power to resist 'productivity improvements' on the shop floor (in the form of greater discipline, speedups, reorganisation of work, etc.). If successful, the balance of power would be shifted back to capital's side while unions would remain, but in a weakened form. The political costs (domestic and international) of crude repression of worker organisations would be avoided.

In general, business leaders have responded in two ways to the increased power of black labour in the 1970's i.e. by opposing high wages - seen to be inflationary - and demanding higher productivity levels. While high wages have undoubtedly contributed to high inflation rates, this has not been its only or even original cause. The rising wages of black workers in the early 1970's was also a response to existing inflation at that stage. An inflationary spiral resulted from companies further increasing wages to secure

their profit margins. With inflation rates soaring in the 1980's, unions have responded by demanding higher wages. During 1986 wage bargaining came very much to the fore and wages were the most common cause of reported strikes in 1986 (Maller 1987b).

The growing concern about high wage levels in the 1980's, has resulted in government's and management's increasing focus on so-called productivity improvements. The declining amount of capital invested in technology, machinery and equipment referred to, has strongly influenced this focus on labour productivity and the development and implementation of various strategies to improve productivity e.g. work study methods, incentive bonus schemes, participatory management schemes, etc.

The present economic recession (and crisis) has not in any way restricted the development of monopoly capitalism - in fact, monopolising tendencies have increased during the 1970's and 1980's. As Gelb and Innes show, this is especially the case when recession is monetarist-induced. By the end of the 1970's, the Monopolies Commission (Mouton Commission) supplied the following information (Innes 1983:175-176; Savage 1987:5):

- 5% of total number of firms in manufacturing accounted for 63% of turnover
- only 5% of firms in wholesale and retail accounted for 69% of turnover
- 5% in construction accounted for 63% of turnover and
- 5% in transport accounted for 73% of turnover

After reviewing the most recent available data on South Africa, Savage (1987:28) concludes that evidence points to a 'mounting concentration of economic resources, a more concentrated pattern of ownership of these resources, and a growing centralisation of significant economic decision making in fewer hands'

Two phenomena have accompanied these monopolisation tendencies and together with the general crisis of the economy, have greatly influenced the position of the black working class regarding their economic, social and political position. The impact of these forces has been seriously damaging to the power of black workers. These phenomena are: the increasing inflation rate and the evergrowing unemployment rates.

Many causes of inflation are directly linked to monopoly tendencies i.e. (1) lack of open competition due to price-fixing among big conglomerates, tends to raise consumer prices; (2) in order to increase productivity and raise productivity levels (as pointed out above), large monopolies modify their labour processes along highly mechanised lines necessitating the importation of capital equipment at very high prices and (3) high interest rates due to the fact that large companies tend to be heavy borrowers and, as was argued, together with consumers and the state, the main sources of borrowing (Innes 1983:179).

Unemployment rates, although soaring in the past few years to new heights, have always been a cronic ill of the South African economy especially since the mid 1960's (Nattrass 1988:230). At present the rate is estimated to be in the order of 20% (Black & Stanwix 1987; Thomas 1987) while unofficial estimates have put this rate even closer to 30%.

Many reasons have been suggested for the continual increase in unemployment e.g. the slowdown in the real economic growth rate below that of population growth and new entrants into the labour market (De Vries 1988:322-326). This is seen to be partly the result of a move towards a capital intensive economy in a labour surplus economy in the light of factors such as sharp rise in wages despite the oversupply of unskilled labour and shortage of skilled labour. 'As output expands under the impact of mechanisation so the proportion of the labour-force employed in production decreases while concomitantly the proportion of the labour-

force which is unemployed rises' (Innes 1983:180). High unemployment levels have also been exacerbated by the high population growth rates of blacks rendering the economy unable to accommodate these numbers adequately. This point is well illustrated by Roux van der Merwe's (1986) report on conflict and unrest in the Eastern Cape during 1985 where estimates of unemployment in Port Elizabeth-Uitenhage range from 35% to 56%. Population pressure is also illustrated in this area where the de facto black population has nearly doubled since 1980, to over 500 000 in 1985.

Following trends elsewhere, the power of South African employers and management has increased substantially giving employers a 'greater staying power' in disputes and strikes (Innes 1983). Commenting on developments in South Africa during 1983, Haysom and Webster (1984) argue that the overall economic recession had deepened leaving many workers jobless and allowing management to be more aggressive primarily by disposing of surplus labour during work stoppages and using job insecurity to oppose worker demands. This has had a significant impact on the wage increases that unions are now more prepared to accept. The Financial Mail (5 May 1979:27) makes this point when it says that given the general economic constraints, 'it is not surprising that the unions have begun to raise matters of job security in current negotiations'. Unions are at present prepared to accept pay settlements far lower than their opening demands and with less frequent resort to industrial action. Referring to Levy and Piron's wage survey, pay settlement levels reported at the end of 1988 has continued with an average of 16,7% for the period October 1988 to February 1989. It is also estimated that the 1989 settlement level will be lower than the average of 17,9% during 1988.

Unions have in general responded by focusing on work place issues and conditions of service e.g. reduced working week of 40 hours instead of 45, work place safety and health, maternity and paternity leave, etc. The concentration of

unions on issues other than wages, is similarly pointed out by Obery and Singh (1988:40) in the following passage:

With hardening management and government attitudes, unions' weakened financial resources after 1987 strikes, lowered standards of living for many workers, and an unwillingness to head each wage negotiation towards a strike, unions are often concentrating energies around provident funds, housing, health and safety and parental rights in negotiations.

Employers have in general resisted these demands e.g. reduced working hours being linked to loss of pay and have preferred to deal with these issues separately to the main pay claims. They have also, as pointed out, made counter-demands linked to increased productivity and blamed high wages for high inflation rates.

The economic recession has also had consequences for black unions on another level i.e. maintaining and stabilising organisation in already organised factories. Drawing on his experience of organising workers in the transport/trade sector in the Western Cape, Lewis (1983) identifies certain factors which render the stabilisation of worker organisations extremely problematic. Firstly, and one which follows from comments made immediately above, the difficulty to win satisfactory improvements in wages (and also working conditions) and secondly, the responses of employers whereby efforts are made to reverse gains that unions have made e.g. the rigid application of disciplinary procedures, the intensification of work loads, efforts to change shift patterns etc. and thirdly, retrenchments which do not always result from declining work volume but rather diminishing profit rates. All these circumstances have a direct bearing on the stabilisation of union organisation and membership and ultimately, relative power of workers within establishments.



#### 6.2.5 privatisation and deregulation

In addition to the impact of the present economic recession on the position of black labour in South Africa as well as government's monetarist oriented response to this situation, other economic policies are increasingly coming to the fore. Amongst these, measures pertaining to privatisation, deregulation and industrial decentralisation seem to be of special significance.

To an important degree, privatisation and deregulation represent the core dimensions of a monetarist and free market policy. These measures, while being strongly supported by the business community, have been severely criticised from within academic circles. Regarding privatisation for instance, Innes (1987:566) has shown that transferring assets currently owned by the state to the private sector, will not necessarily modify the existing distribution of wealth amongst the broader population of South Africa. Rather privatisation 'serves the interests of powerful elements among the capitalist class and offers very little in the way of advancement for working people' and while it may not be 'explicitly racist, it is elitist' in that it 'seeks to promote social inequalities'.

Often coupled with privatisation, deregulation is aimed at 'cutting back on the regulation governing the activities of private companies and entrepreneurs in the market place' (Innes 1987:553). By deregulation, state intervention in the economy is similarly reduced. It is embodied in the Temporary Removal of Restrictions on Economic Activities Act, No 87, 1986. Deregulation, while entailing the removal of 'racially discriminatory measures, and aimed at the promotion of and aid of small business, free enterprise, employment opportunities, and the informal sector, may result in posing major difficulties to the working class' (Budlender 1986; Hofmeyr & Nicol 1987). As pointed out by the latter (1987:81), the above Act gives the government wide powers in that it allows the State President to



'suspend the operation of a wide range of laws if he thinks that the particular law "unduly impedes" competition, the creation of job opportunities or the "economic progress" of people in any industry or occupation'.

The removal of the regulation of minimum wages for instance, may lead to greater exploitation of employees. So will the abolition of safety conditions and health regulations seriously impair the less fortunate. A further problem concerns central bargaining institutions e.g. industrial councils. Hofmeyr and Nicol (1987) for example, identify a possible future trend in that centralised agreements will only be applicable to employers that form part of the bargaining process. To the extent that unions may in the future - and this has already been suggested - prefer more centralised wage bargaining to underpin plant level bargaining while employers may be expected to restrict wage bargaining to the local level during economic recessions, deregulation may threaten the position of labour. Employers may easily withdraw from central level bargaining so as not to have to adhere to minimum wage agreements. In August of 1989, some 15 000 members of Numsa (National Union of Metalworkers of South Africa) went on strike at production lines belonging to VW, Toyota and Samcor to back demands for centralised wage bargaining in the automobile industry. The union had made this demand a priority 'in order to counter management's tactic of deregulating and trying to exempt as many plants as possible from minimum conditions of employment' (Weekly Mail 17/8/1989). Mention is also made of the way employers 'opted out' of the industrial council for the paper and print industry and attempts to exempt smaller firms from the 1988 wage talks in the metal industry.

It is especially the unorganised workers who will have great difficulty in resisting and opposing deregulation in their particular work place and whose conditions will probably worsen in the process. Similarly, deregulation will further complicate efforts to organise workers in small firms situated in outlying areas. Thus, on a long term basis, the

strength and power of labour can be expected to weaken through a policy and strategy of deregulation for the Deregulation Act attacks the Wage Act, Labour Relations Act, Machinery and Occupational Act and the industrial council system (Hofmeyr & Nicol 1987). It is also noted by Budlender (1986) that very often deregulation is applied to those sectors notorious for paying low wages.

Thus, the free-marketers assume that by deregulation and privatisation, market forces will be freed and government intervention curbed. From this will follow a lower inflation rate, the extension of the informal sector, a rise in employment and productivity levels and economic growth. All this is seen to redirect the South African economy on a path of recovery. The present economic crisis, exacerbated by efforts of privatisation and deregulation, is reflected in the lowering of wage increases since 1988 and anticipated wage increases for 1989 as well as strike data for this period.

The state's position on privatisation and deregulation has up till very recently not always been that clear. This has been ascribed by Innes (1987) to the fact that the state, by conceding to either the demands from the popular movement or to demands from the privatisation lobby, is bound to lose some of its power.

### 6.3 Long-term economic trends, labour power and local bargaining

What has been the relevance and significance of economic fluctuations and economic policies for the power of labour and employers and ultimately the establishment of local bargaining?

Up till the 1960's, white labour's position was relatively secure and institutionally protected by formal centralised

bargaining. Especially since 1960, the South African economy experienced growth mainly as a result of the growing centrality of the manufacturing sector. The latter, being dependent on the supply of especially semi-skilled labour, had far reaching consequences for the industrial power of especially the black workers in South Africa and ultimately the bargaining level institutionalised by these workers and their growing unions. Apart from entrance into semi-skilled occupations at an increasing rate, their position was markedly strengthened by the inability of the white workforce to provide a sufficient supply of necessary labour, the pressure that multi-nationals have come to bear on the position of the black worker in the work organisation (Morris 1981) and the educational level of an increasingly larger proportion of the black working population. In accordance with trends elsewhere, black workers' position strengthened during this period of high economic growth.

As from 1970 onwards, local bargaining became the accepted bargaining level for this section of the workforce - their power enabling them to establish such arrangements. Of course, their exclusion from official bargaining structures made this choice less surprising. Also, the preference for plant level bargaining follows from the fact that the newer unions rely exclusively on shopfloor support and the power of shop stewards. As mentioned earlier on, strong shopfloor organisation has similarly been central to work place bargaining in Britain. Success of unions at this level is dependent on a high degree of involvement and participation throughout negotiation processes - a requirement not being able to be met by industrial council or other forms of centralised bargaining. Furthermore, the 'newer' unions rely heavily on the withdrawal of labour in order to back up negotiations.

The preference of these unions as well as the rationale behind their choice, is very similar to that of American unions in the establishment of plant and enterprise bargaining in the 1930's stated in Chapter 5 i.e. 'unions

found it easier to organise and win bargaining rights by concentrating their resources on the most promising enterprises - or parts of them - instead of tackling an entire industry at one time' (Windmuller 1987:86). In a very real sense, the proliferation of local bargaining since the 1970's is not only symptomatic of the substantial industrial power on the part of black workers but also reflects very clearly the level at which this power is located i.e. place of work.

The increase in black workers' industrial power since the 1960's due to, inter alia, its changing position within the economy and labour market, was similarly manifested in the emergence of the independent union movement. The period 1973 up till 1979 was characterised by efforts to get the newer unions organised and a high strike rate in certain regions of the country, notably Natal. There, union membership rose rapidly after the 1973/1974 strike wave and signing up mass membership was the primary objective (Maree 1987). Despite certain setbacks experienced by the independents after the Soweto uprising in 1976 i.e. a low economic growth level immediately following this event and repressive measures imposed by the state, these unions entered a recovery period during 1977-1979. After 1979, unions and strikes were to increase dramatically following the amended Labour Relations Act.

On employer side, local bargaining through recognition and other plant level agreements, has not been met with much enthusiasm - at least up till quite recently. This attitude contrasts with British employers who have in general accepted work place bargaining and have even come to prefer it during periods of high economic growth.

The recession and low economic growth which have set in world-wide during the 1970's, also had (and still have) ramifications for labour's position and strength vis-à-vis employers. The present economic crisis in South Africa, exacerbated by economic policies of monetarism,

privatisation and deregulation, has strengthened employers' position. The long-term impact on labour is as yet not that clear. For example, Roux van der Merwe (1986:15) comments that...

(a)ccording to formal economic theory, trade unions are weaker in a downturn and will moderate their demands and avoid direct industrial action. Clearly, with a high strike count in 1985 and no sign of reduced demands, unions are not reacting as expected.

Although these comments seem to have been substantiated by events up till the 1987 NUM (National Union of Mineworkers) strike, indications are that since 1988, wage increases, as well as anticipated wage increases, have been lower than during preceding years. A declining strike rate similarly suggests that the economic climate is taking its toll on industrial workers.

The consequences of the above for bargaining levels - and local bargaining in particular - can only be surmised at this stage. In accordance with trends elsewhere, labour is likely to pursue wage bargaining at a more centralised level in the future. As pointed out earlier on, indications are that labour is already responding in such a fashion. Efforts to get wage bargaining elevated to a more centralised level are of course crucial in the light of present deregulation efforts. In a recent publication (Indicator SA, Vol 6(3) 1989:82) this observation is confirmed and various reasons are put forward for this shift in bargaining levels: (1) the increasing organisation of unions beyond the plant level, at group and industry level; (2) insufficient resources for effective negotiations by union officials at each plant where they are represented and (3) regarding certain issues e.g. reducement of the working week, the chances of achieving success is greater at a more centralised level. It is of course difficult to estimate to what extent labour will be in a position to get minimum wage levels negotiated at higher levels if they should come to seek this.

Employers on the other hand, also in accordance with tendencies in many other industrial countries presently, may be expected to prefer wage bargaining at the local level. As suggested, deregulation may in fact crucially foster the tendency of wage bargaining at the work place by undercutting previously regulated wage agreements. The focus of employers on productivity and profitability levels during economic downturns and the tendency to cut labour costs underly employers' efforts in this regard.

Local bargaining however, remains crucial especially to black workers in South Africa. Even if wage bargaining is to be elevated to more centralised levels, many remaining work place issues are covered and bargained over at plant level. Some of these issues - especially retrenchment and job security - are of crucial significance at present. The already mentioned reliance of the newer unions on strong shopfloor support and democratic structures also means that local bargaining occupies a crucial role in present-day labour relations thus remaining 'the most viable option open to these unions' (Patel 1988:49). Banks' (1974) remarks regarding the unlikely general shift in Britain to more centralised bargaining even if unemployment levels should continue to rise, may very well be applicable to plant bargaining in the South African context. A more likely development within the present economic context in South Africa seems to be the co-existence of industry and local bargaining structured in terms of the nature of the issues involved.

The argument above pertaining to the present and possible future role of plant bargaining also relates to, and highlights, another previously stated argument i.e. that even if employees' and employers' preferences for local bargaining may coincide, it may be so for different reasons and over different bargaining issues. The bargaining parties' diversified concerns thus relate strongly to macro-economic factors, particularly the overall growth rate of the economy.

## CHAPTER 7

### GOVERNMENT POLICY AND LABOUR LEGISLATION

#### 7.1 Introduction

As long as governments perceived their primary responsibility to be the protection of the freedom of the market place and the sanctity of the individual contract of employment, and as long as they considered trade unions to be a major threat to both, the purpose of intervention by the public authorities was the suppression, or at the very least the tight containment, of unions (Windmuller 1987:121).

During the last quarter of the 19th century, or soon afterwards, important changes in public attitude and policies took place regarding unions in that a limited tolerance developed towards unions and therefore collective bargaining (1987:122). Public policy and passage of legislation bring a crucial set of external conditions to bear on the relevant parties and bargaining structures. Following Kochan (1980), the functions of public policy and legislation may be seen to be the following: (1) it regulates the power balance between management and labour; (2) it interprets and transforms political and social values; (3) it represents an additional and direct actor i.e. government, with goals of its own and (4) it defines the autonomy of collective bargaining.

Through legislation and statutory law, public policy regulates the power balance amongst the various parties, i.e. government, employers and unions. The regulation of this relationship has its equivalent in those policy measures adopted to restore the power balance between so-called 'free' economic agents within a laissez-fair market economy, presumably based on free competition and supply and demand principles. Just as there exists the very real possibility of sellers in the market for consumer goods



abusing their power (mainly through monopolies) vis-à-vis the consumer, a similar possibility exists that either employers or labour - but mostly the former - may abuse their power. Although pluralists maintain that government (or state) acts in an essentially neutral capacity to further so-called 'public interest', this assumption, as pointed out earlier, is not to be taken seriously. There is no consensus in society as a whole as to the priorities that bargaining parties should observe and it is almost impossible for any government to maintain for very long the role of an impartial arbitrator or restorer of power balances (Hawkins 1972:231-237).

Policy and legislation partly reflect the existing ideologies and social values of the larger society as well as the prevailing power balance between dominant groupings within a society's political economy (Kochan 1980; Poole 1984b). Given that the existing distribution of power in society is reflected in government's public policy and legislation, the latter, and laws governing employment relations, thus keep collective bargaining in tune with the values and ideologies of the larger society.

The so-called 'neutral' stance of government is seriously questioned for it will be argued here that in general, government policies on labour relations more often than not, coincide with the interests of employers and management. (Gladstone 1984). This, of course does not imply that governments never make concessions towards labour. Government, especially within capitalist relations of production, has the important role of keeping the capitalist economy an ongoing concern and the fact that it represents an active and relative independent role with its own goals and objectives, means that concessions have to be made to various interest groups comprising civil society (Hill 1983; Zeitlin 1985).

This relates to the third function of government policies and regulations spelled out by Kochan. Given that government



itself is an active participant in the economy and industrial relations system, and having objectives of its own, 'its power must also be checked and limited if real collective bargaining is to survive' (1980:60).

Finally, public policy and legislation also determine the degree of autonomy that collective bargaining enjoys in a particular society (Frenkel 1986:81). With a few exceptions i.e. United States, Britain and Sweden, most capitalist economies in Hill's opinion, did not go through a liberal or laissez-faire phase. In most countries 'the economy was politicized from the outset' (1983:237). State intervention and close control of all aspects of economic life have always characterised capitalist industrialism in Japan, most of continental Europe and especially South Africa. Most governments however, have historically refrained from becoming actively involved in the determination of bargaining structures and levels. It may be for this reason that the attitudes and preferences of employers have had such a significant bearing on the development of particular structures and dominant bargaining level (Hyman 1975). Where they have become involved, the resulting arrangements have suited the employers' interests. The strategy of relative non-intervention into labour relations in general, has of course been modified in the light of world-wide trends, especially since the 1960's, due to problems inherent to capitalist and social market economies.

As suggested by Kochan and others, government policies and legislation are seen to have the important function of 'restoring' the power balance in the employment relationship. The principle aim of labour law then, 'is to regulate, to support and to restrain the power of management and the power of organised labour' (Davies & Freedland 1983:15). But, as the authors point out, while labour law no doubt has important functions in labour relations, it cannot do much to change the relationship between the parties in circumstances where labour is seen to be weak. And as suggested by them, it is secondary when compared to the

'impact of the labour market and the spontaneous creation of a social power on the workers side to balance that of management' (1983:19).

## 7.2 Legislation and bargaining levels

It is evident that labour legislation by government can, and does, take on many forms in different countries, depending primarily on the 'voluntaristic' nature of collective bargaining within a country's industrial relations system. The direct impact it has had on bargaining structures and levels, has, on the whole, been rather negligible. Instances however, can be cited where legislation has either reinforced levels that have historically evolved primarily through employers' preferences or where legislation at particular moments in time, have at least encouraged a specific trend. In Chapter 6, incomes policies was shown for example to constrain local bargaining and reinforce centralised bargaining.

During the two world wars, governments in Britain became the central employer party by taking over some major industries. These developments encouraged negotiations at national level. The prominence of national bargaining after World War I equally resulted from government's establishment of the Whitley Councils and Joint Industrial Councils (Banks 1974:31-33). The introduction of the Munitions of War Act in 1915 and compulsory arbitration also encouraged national bargaining.

Although not constituting legislation per se, the Donovan Commission's recommendations of formalised collective agreements at plant and enterprise level, can also be interpreted as encouraging formal negotiations at these levels. In these recommendations, the Commission was clearly accommodating the interests of some managers in that the latter wanted more control over the informal and fragmented

activities in their respective work places - a view supported by Thomson, Mulvey and Farbman (1977:179). The Donovan Commission is seen to have argued that 'restructuring of bargaining and the reassertion of control by the formal parties at plant and company level could provide a new and efficient system'.

This view has not gone unchallenged for it has been suggested that management in many cases, preferred dealing and bargaining with shop stewards on an informal basis. Brown (1981:24-25), for example, warns that 'although this shift to single-employer arrangements has been in accord with the Donovan's prescriptions, it would be unwise to ascribe it to any very conscious strategy on the part of employers'. The shift must be seen as the 'largely unplanned consequences of piecemeal reform' rather than the 'deliberate rejection of established multi-employer arrangements' and is likely to result in a mixture of bargaining levels in the foreseeable future. These instances of direct government intervention mentioned above are, of course, quite revealing in the light of the so-called 'voluntaristic' nature of British collective bargaining. For as Hyman (1975:137) suggests, 'voluntarism has always been more apparent than real'.

The role of statutory regulation in the American collective bargaining system, especially as to the formal regulation and establishment of enterprise and plant bargaining, has been documented by, for example, Kochan (1980) and Kassalow (1982) and outlined in Chapter 3. As in the British case, formal local bargaining has traditionally been encouraged by employers and government alike.

Despite the institutionalisation of national and industry level bargaining in many Western European countries, a growing tendency towards work place bargaining since the 1960's and 1970's can be identified (see Chapter 3). This has in many instances taken place through means other than works councils and significantly, with the support and

encouragement of government legislation. Jackson (1977) substantiates this in the case of Italy, France and Belgium and even Australia with its system of compulsory arbitration. In France, for example, the Auroux laws of 1982 determine new bargaining subjects and the levels at which bargaining is to be conducted - notably at the level of the enterprise (Grundberg 1986). Swedish employers have also become concerned with the rigidities of the centralised system especially during the early 1980's. In this, they have received strong support from the government.

Many reasons have been suggested for this trend ranging from the widening of inter- and intra-industry disparities in wages and work conditions (Windmuller 1987) to a move by workers to gain greater control over their work situation - especially given the growth in enterprises in general (Coates & Topham 1970). The central, and even active role of governments in the European context, has been mainly in response to the wishes and interests of employers who deem it feasible, within the present economic climate, to establish wage bargaining within their own establishments. The warning of Brown on the 'conscious strategies' of employers should be kept in mind however.

On the other hand, labour has in the past 15 years or so, made efforts to gain greater control over the work situation. Referring to such developments, Hill (1983:167) predicts that European unions are more likely in the future to be more concerned over control issues than strictly economic issues and tend to rely more on official action than collective bargaining per se.

The above suggests or demonstrates that governments' involvement through legislative measures and support can be in response to labour's demands and in accordance with labour's interests. It also demonstrates the point made earlier i.e. that the level being preferred by parties may coincide, but for different reasons and, equally important, different issues may be at stake. These considerations make

it difficult to always evaluate or interpret in which party's interests government is acting or reacting through labour legislation and regulation.

### 7.3 Legislation, bargaining levels and power of bargaining parties in South Africa

The labour relations system of South Africa is commonly viewed as one of voluntarism (Jowell 1986; Bendix 1989; Wiehahn 1983). This view is strongly espoused by government spokesmen and especially the Manpower Commission. Addressing a conference in 1985, Jowell (1986:64) states that the 'essence of our labour relations system is self-government by capital and labour' and with some notable exceptions 'the state avoids getting directly involved in labour conflict and act largely as scribe and rule keeper'. In other words, government establishes the groundrules for the relevant parties by providing formal collective bargaining structures and mechanisms. Contrary to practice in the United States for example, bargaining forums are created - especially by the Labour Relations Acts - but no duty to bargain is imposed on parties. Thus, the 'philosophical tenet underlying the statutory process in South Africa, from inception to result, is voluntarism' (Nupen 1988:77). In Nupen's view, even where forms have been made available, no legislative duty to bargain exists, resulting, in many instances, in a charade. Parties, he says, have evoked the machinery of the Labour Relations Act with no serious intent to bargain but merely as a conduit to the Industrial Court or to the terrain of legal industrial action.

While the claim of voluntarism in South African industrial relations may have a measure of validity for the post 1979 period, the government has, especially prior to 1979, played a significant role through policy measures and legislation in not only providing, encouraging and even establishing a particular bargaining level, but more importantly perhaps, in determining the relative position and strength of

categories of labour. This has been especially the position since 1924. Contrary to trends in democratic societies where industrial relations policy and legislation have been markedly influenced by labour, parliamentary influence in South Africa has been 'exercised historically by the representatives of minority racial interests within the labour movement' (Nupen 1988:77). The exclusion of black workers from full political participation, has meant that black workers have had no influence on legislative measures pertaining to industrial relations matters.

Government policy and legislation in South Africa has its roots in the political economy of the country prior to the onset of industrialisation, the controlling and securing of adequate labour to the mining and other industries, the curbing of militancy on the part of the workforce and the fear of a politicised workforce - especially black workers. In order to trace government's role in determining or encouraging bargaining levels and/or strengthening or weakening the position of employers and labour by policy and legislative measures pertaining to labour markets and relations, different historical periods are identified.

#### 7.3.1 1870-1910

During the first years after the discovery of minerals, as Webster points out, the emergence of a wage-earning class through the slow operation of the market forces was inadequate given the particular needs of the mining industry (1983:9-10). This was overcome by legislation in the passing of the Glen Grey Act in 1894 by the Cape Parliament and the introduction of pass laws. The former made provision for individual land tenure and the imposition of hut and poll taxes forcing people to enter the labour market (Stadler 1987). Through these tax measures, African peasants were being transformed into wage earners and were increasingly being proletarianised. The pass laws, introduced under the

pressure of the Chamber of Mines in 1896, controlled the labour supply to the mines. The pass laws, Ncube notes, 'served to keep Blacks in their labour contracts by subjecting them to frequent checks in order to ensure that they did not roam about idly or desert the mine' (1987:17). These measures, in combination with various others, consolidated trends existing prior to the 1870's resulting in the underdevelopment of black economy, the institutionalisation of white domination and the exploitation of the black worker. All this was to be entrenched even further by political unification in 1910.

#### 7.3.2 1910-1948

This historical period was characterised by segregational measures devised by government in the first instance with the aim of securing adequate labour. Pertaining to the mining industry, these efforts were strengthened by the establishment of special recruiting organisations (Stadler 1987; Webster 1983; Lipton 1986). Secondly, government purported to control and counteract the activities of black and white workers' organisations. Davies (1983) shows for example, how legislation followed each of the most disruptive periods. The 1907-strike, related to white workers' protest against a proposal by mine-owners to permit African and Chinese workers to perform skilled work, was followed by the Transvaal Disputes Act. This strike was broken by the replacement of strikers with unemployed Afrikaners, representing for the latter a breakthrough in that 15 years later, three quarters of mine workers were Afrikaners. In 1913, white workers went on strike again and won recognition for their trade union by the Chamber of Mines through the Industrial Disputes and Trade Union Bill. In 1914 and again in 1922, whites went on strike against threats of substitution by cheaper African labour (Webster 1983:13-14). This was to be followed by the 1924 Industrial Conciliation Act.



In order to eliminate competition, measures were enacted against particularly black farmers, traders and workers. Simultaneously, these measures ensured cheap labour for white farms and mines. Through the 1913 (and later 1936 Land) Act, 13% of the land was reserved for Africans. This act ...

had the twin effect of suppressing the emerging African peasantry, which was proving an effective counterclass to the White farmer, and creating a pool of cheap labour in the reserves (Webster 1983:10).

These black areas or reserves were to occupy a central position in the government's policy of Apartheid.

The 1924 Industrial Conciliation Act had significant consequences, not only for potential local bargaining, but it weakened the strength of labour in general by curbing and extending government's control over unions and militant action. Relative to white workers, the power of black workers was dramatically weakened given their exclusion. This act, as Lipton (1986) points out, was not explicitly racial, but the exclusion of African men (and women in 1952) presented to white workers a role in determining the occupational structure, access to training and wages while denying these to Africans. Vertical movement by Africans on the mines were restricted by the Mines and Works Act of 1911 and 1926 barring Africans from occupying more skilled positions on the mines. In terms of the amended 1926 Act, all black workers were excluded from listed skilled and semi-skilled work, thereby eliminating competition for these occupations.

The power of white workers was strengthened further by virtue of their access to political power. As was shown in Chapter 5, this fact and the demands of white skilled miners resulted in the creation of a white labour aristocracy or 'bounded working class'. The details of the government's 'civilised labour policy' are well known. Suffice to point



to the following indications of the changed fate of the unskilled white worker resulting from this policy. Between 1924 and 1933 the proportion of unskilled white workers employed on the railways rose from 9.5% to 39.3% while Africans fell from 75% to 48.9%. Twenty years later, over 100 000 mainly unskilled and semi-skilled whites were working for the railways. Pressure was also put on private enterprise to maintain sufficient quotas of civilised labour although mining was not to be included. On the mines statutory protection of white miners already existed (Giliomee 1983:151-152).

In the period 1939-1948, due to the introduction of personnel management techniques, the job colour bar was somewhat eased and training facilities for black workers extended in order to alleviate the skill shortage. This was to be done without seriously challenging white workers' position within the racial hierarchy existing in the work place. The urban/reserves divide became more crucial as influx to urban areas increased and poverty in the reserves worsened (Browett 1982). While consideration was given to the notion of lifting restrictions on black urbanisation in this period (Fagan Commission), this was not to be.

### 7.3.3 1948-1960

After the Nationalist Party gained political control in 1948, control over black labour by government was tightened and extended thus neutralising trends identified during the years immediately prior to 1948. This was being reflected in the work place as co-operation and co-optation in management-worker relationship was replaced by strict control and discipline.

In the area of labour relations, the most significant legislation was the 1953 Natives (Settlement of Disputes) Act and the 1956 Industrial Conciliation Act which amended

the 1924 Act. The provision made for the establishment of works committees for Africans by the former act has been outlined and discussed in Chapter 4. Being consultative in nature, dominated by management and functioning as a substitute for African unions in the work place, they could hardly qualify as mechanisms rendering any power to black workers - a power which was eroded still further by the entrenchment of the 'civilised labour policy'.

The 1956 Act retained centralised bargaining, excluded all Africans from statutory bargaining, prohibited the establishment of new multi-racial unions (whites, Asians and coloureds), trade unions and employers' organisations were now forbidden to affiliate or support a political party or to participate in politics and job reservation was now extended to manufacturing and commerce. The Minister of Labour could reserve jobs for a particular racial group in any industry, trade or occupation (Jones & Griffiths 1980; Wiehahn 1983).

The African unions also suffered a severe blow from the passing of the Suppression of Communism Act in 1950. This Act could be used against individuals and organisations who were seen to further the aim or objectives of communism and under this Act, many prominent union leaders were banned. The suppression of these unions were to continue right through the 1950's.

Horizontal movement of African workers was further restricted by the tightening of existing pass laws and the establishment of Labour Bureau's. The latter were to allocate appropriate and adequate labour to especially white agriculture. The needs of the urban industries were catered for by the migrant labour system controlling influx into industrial areas.

It is thus apparent that during this period the position of African workers in the economic and political structures was weakened extensively by measures to preserve white supremacy

and exploit black labour as a means for capital accumulation. It also illustrates the role of the state in providing the necessary control measures in order to facilitate the establishment of racially exclusive unionism as discussed in Chapter 5.

#### 7.3.4 1960-1970

The changing economic conditions during the 1960's and the consequences for the power position of black workers were outlined in the previous chapter. The shortage of skills seriously hampered economic growth and businessmen came to realise the costs of job reservation and barriers to the training of black workers (Douwes Dekker 1988a). These considerations, combined with the greater industrial power of black workers, resulted in government developing a more 'flexible' policy centered around the 'floating' job bar and the decentralisation of industry (Lipton 1986:33). In essence, the floating bar determined the fragmentation and/or reclassification of skilled jobs traditionally occupied by whites. While whites now moved upwards into more skilled jobs the less skilled parts were to be done by blacks.

Many restrictions and qualifications, however, were to be adhered to, especially in so-called white areas e.g. no white worker could be replaced by a black worker, no white should work under a black, there was to be proper separation between the races on the job, in recessionary times, jobs should revert to whites again, advance should be acceptable to unions, etc. Skilled work proper, could only be extended to Africans in their 'own' areas. All in all, a ceiling was being put on black advancement, especially African advancement. To ease the shortage of skills, some alternative strategies were also put into practice e.g. retraining and upgrading of white workers in order for them to move upwards into more senior positions, more use was

made of women especially in jobs traditionally allocated to men, immigration of whites was encouraged and as a 'last resort' coloureds and Asians could be used in skilled jobs if white unions agreed to this (Lipton 1986).

A second mechanism/instrument which was devised to accommodate business complaints regarding shortage of labour in the light of restrictions, was that of the decentralisation of manufacturing industries. Growth points on Bantustan borders were established and various concessions regarding subsidies, tax relief etc. were provided to manufacturers. This venture was to prove a failure and few new jobs were actually created.

By the end of the 1960's, government legislation and policy was being seriously criticised and challenged and as Douwes Dekker demonstrates, this was often done by employers' associations e.g. the South African Federated Chamber of Industries. Various examples are listed by him illustrating 'the propensity on the part of organised capital to challenge the unilateral imposition by the State of Apartheid ideology' (1988a:15). This propensity, however, did not culminate in a willingness on the part of individual employers to support and endorse the principle of freedom of association of workers to form legal unions.

#### 7.3.5 1970-1978

The increasing industrial power of black workers, combined with more pressure from urban employers and militant action on the part of newer unions, contributed to important changes in government legislation and policy from 1970 onwards.

The 1973 amendment to the Labour (Settlement of Dispute) Act, had significant implications for the relative strength of African workers and unions. In Friedman's view, this

amendment contained two elements which meant slightly more power for them i.e. the right to strike and allowing some works and liaison committee members to attend industrial council meetings. The right to strike constituted an important symbolic change for African workers for they were now, for the first time since the war, allowed to withhold labour (1987:54). Furthermore, works committees, if their members belonged to a union, could be used to force management to bargain. Many unions, having gained some presence in an establishment, preceded to take over such committee structures.

In general however, as noted earlier, the ability of these committees - and works councils after 1979 - to function as central instruments of worker interest and power within the establishment, remained relatively unsuccessful. Even after they obtained bargaining rights on wages and working conditions, this was essentially still the case. 'They were not independent organisations who could recruit members, collect dues and build a power base' (Friedman 1987:53). Furthermore, as Swart (1988) correctly argues, while blacks were granted the freedom to bargain collectively through these structures, they did not have adequate means to enforce such agreements.

#### 7.3.6 1979-1980's

Labour legislation following the recommendations of the Wiehahn and Riekert Commissions of Inquiry in 1979 and 1981, as well as through later amendments, has reflected major changes within the economic and political structures of South African society as well as the changing position of black workers within these structures. At the same time, it has further strengthened the position of the black working class. Amongst these measures, the removal of job reservation on the basis of race and the extension of the right of freedom of association to blacks are of particular

significance. Black unions were now given legal recognition and the right to participate in statutory bargaining and dispute machinery. This included industrial councils and multi-racial works councils at establishment level.

Other stipulations of importance are the extension of the system of apprenticeship-training to blacks, the improvement of training facilities for this category of the work force, the streamlining of registration procedures and improved mobility of blacks in urban areas. Formal abolition of the system of influx control took place in 1986 although the extent to which free movement is now accepted, is seriously questioned by some commentators. For example, given that the Abolition of Influx Control Act has also amended the Slums Act and the Illegal Squatting Act, the new section providing control of informal settlements through the designation of specific areas, is viewed by some as a mechanism of forced removals. Others however, view it as a positive measure to allow informal settlement (Bernstein 1988:97).

The legal recognition of black unions has improved the bargaining rights and power of black workers as the lack of formal recognition has impaired and undermined black workers' bargaining position vis-à-vis employers and 'established' unions prior to 1979 (Nattrass 1988). The position within the labour market was similarly strengthened by the removal of job reservation and better training facilities although Nattrass warns that the removal of job reservation should not be overemphasised. This follows from the fact that 'closed shop' agreements have historically been the central factor in white workers' dominant position within the labour market (1988:289-290).

#### 7.4 Recognition agreements and government legislation in South Africa

In the South African context, contrary to recent developments in European societies, local bargaining through in-plant agreements, has not been the direct outcome or result of any particular policy or legislation or, for that matter, encouragement by government. Rather, it can be argued that government's exclusion of Africans from statutory bargaining structures and the granting of highly 'qualified' bargaining rights to committees had indirectly contributed to developments not intended by the legislator's basic approach to African and black unions, bargaining rights and efforts to control such institutions within a context of greater economic power on the part of black workers and unions. Swilling (1987:416) makes this very point by showing that the intentions of state policy markedly differ from the way policies are implemented and from the social processes underlying it. State policy thus 'cannot take account of all the structural forces that impinge on a given field of intervention, nor can the responses of a range of social actors be predicted'. Black workers have responded by devising alternatives and strategies of their own choice in order to protect their interests.

This substantiates the view of Davies and Freedland noted earlier, i.e. that labour legislation is in general secondary when compared to the 'impact of the labour market and the spontaneous creation of a social power on the workers side to balance that of management' (1983:19). This holds particularly true for black workers for, as correctly argued by Ironside (1983:53), these workers, despite their lack of conventional political power, have a significant 'de facto' power base in the South African society today. The shift to work place relations are thus due 'more to a fundamental shift of power in our wider society than other speculative reasons advanced from time to time'. In their efforts to develop alternative strategies, black workers



have clearly shifted their attention away from government to the employer in the establishment.

The changes brought about by the post-Wiehahn legislation, have all played a role in black workers' ability to extend local bargaining even further as illustrated by the escalation of the number of in-plant agreements concluded during the 1980's. The state's attempt at institutionalising industrial conflict and control of the newer unions, has been counteracted in that the latter, especially during the 1979-1983 economic boom, waged 'protracted shop-floor battles to win recognition, wage increases, maternity rights, pension pay-outs, and a range of concessions that challenged ... "management's rights to manage"' (Swilling 1987:417). In this sense, government's labour legislation has been functional for local bargaining and particularly, the extension thereof.

#### 7.5 The attitudes of South African employers towards recent developments in local bargaining

As argued in Chapter 5, South African employers have always resisted unions at the work place and have in the past preferred more centralised bargaining. They have clearly resisted attempts by workers to shift negotiations and bargaining to the establishment level. This is especially true where black workers have been concerned. In reaction to developments in the 1970's, companies mostly responded in a unitarist fashion towards the rights of workers. Says Douwes Dekker on this point:

When the Black unions (with at that stage only African members) which emerged in the 1970 decade demanded recognition, companies accepted the Department of Labour's disapproval and condoned police action to suppress unionism. White supervisors continued to use 'hire and fire' practices to maintain control. The paternalism underlying the unitary approach demanded workers' loyalty, and when that was not in evidence, authoritarianism emerged, particularly against so-called 'agitators'. Legitimacy and legality were



equated and any attempts by union representatives to gain recognition were refused (1988a:15-16).

Regarding the 1977 amendments, Friedman (1987:134), for example, notes that these amendments 'alarmed' employer associations for they were seen to undermine industry-wide bargaining and perpetuate the process of 'leapfrogging' - a process resisted well into the 1980's. This defensive attitude of employers' associations can be traced back to the 1924 Industrial Conciliation Act which has locked them into a strategy which regards 'legal change as the only route to go to when a crisis appears' (Douwes Dekker 1988a:20). Employers' associations have seldom, if ever, taken initiative and have always resorted to ways of getting government to secure their interests. This is in contrast to employers' associations in countries elsewhere with a market type of economy where they have taken a much more pro-active role in establishing the 'parameters of social policy' (1988:21). The difference lies predominantly with the South African state's negative attitude towards employers associations' involvement in economic and political issues.

In a similar vein, Cameron, Cheadle and Thompson (1989:28) comment as follows:

The industry-focus of industrial councils has made individual employers feel much less threatened by the specter of trade unionism. Both employer and union parties have been able to extract benefits from the system and, because participation therein is a voluntary affair, the conventional recognition dispute could not arise.

By way of contrast, plant bargaining means that ...

the individual employer is placed in an isolated and exposed position and is therefore more inclined to resist recognition demands.

## 7.6 Union growth and strike rates after 1979

The growing industrial strength of black workers as reflected in the establishment and subsequent expansion of local bargaining through recognition and other local agreements, is similarly reflected in the growth of the independent union movement and strike rate after legislation was first passed in 1979. Commenting on specifically the newer unions, Maree (1987) reports that during the period 1979 up to the end of 1983, signed-up membership went up from about 70 000 to almost 300 000 while claimed membership increased to 298 000 - the former being a more reliable indicator. Membership of the Federation of South African Trade Unions (FOSATU) increased, for example, from 30 000 in 1979 to 95 000 in 1984. Since 1979, membership of trade unions has increased from 0,7 million to 1,9 million at the end of 1985 of whom 700 000 black employees belong to unregistered unions (Horwitz 1987a:35). According to the Department of Manpower's report for 1987, black membership of registered unions totals 835 122 while black and coloured membership represents 1 168 951 out of a total of 1 879 400. These figures do not include the membership of non-registered unions of which there are still a number. The Manpower Commission estimates that 88 known unregistered unions organise another 240 000 trade union members, bringing total union membership to 2 119 000 of the working population under the Labour Relations Act (S Bendix 1989:306 & 332).

The growth in membership of registered unions is primarily accounted for by black and coloured employees and according to S Bendix (1989) one can safely estimate that most of these employees belong to the 'newer' unions. Although officially non-racial, these unions organise mostly semi- and unskilled employees whom are mainly represented by black and coloured workers.

Industrial action through strikes and workstoppages has similarly shown a rise since 1979. In 1976 there was a

temporary rise, following the Soweto uprising, with 245 strikes and stoppages reported. From 1977 to 1979, this number had fallen to an average of 99. The number for each year since 1980 to 1987 has been as follows:

1980	-	207
1981	-	342
1982	-	394
1983	-	336
1984	-	469
1985	-	389
1986	-	793
1987	-	1 148

(Indicator SA 1988:74)

In terms of man-days lost, the total for 1989 so far is 72 254 compared to 344 386 in the quarter immediately before and 243 000 in the first quarter of 1988 (Financial Mail 5.5.1989). The sectors hit in terms of number of strikes and man-days lost are presented below:

Sector	Number of Strikes	Man-days lost
Manufacturing	9	8 080
Service	8	3 434
Chemical	4	6 840
Mining	3	33 700
Food	3	8 900
Public	2	4 500
Metal	2	3 600
Agriculture	2	3 200

Wages and working conditions is the main strike 'trigger' representing 61% of all strike triggers in the first quarter of 1989. During 1987, this percentage was 41%. Dismissals account for 19% while recognition issues account for 5% for the 1989 period. Settlements by negotiation continue to rise as a proportion of decisive solutions to strike action from 47% in the second quarter of 1988 to 63% in the fourth and

66% in the first quarter of 1989 (Financial Mail 5.5 1989:27).

## 7.7 Comments on local bargaining and government legislation and policy

### 7.7.1 black workers' preference for local bargaining

As from the 1970's onwards, it has been black workers' preferences rather than employers' preferences that have determined local bargaining in the South African context - a point referred to at the outset of this chapter. From employers' side, there was much resistance to black unionism especially in the work place. Even after African unions had gained formal recognition, this was to be the case. In some instances efforts persisted in keeping them 'out in the cold' by demanding that these unions register and join industrial councils. This was especially true for SEIFSA (Steel and Engineering Industries Federation), the latter being viewed as providing the leadership and guidelines to employers in smaller sectors. Local bargaining through recognition agreements in particular, has presented a threat to employers' (and management) power - much more so than the earlier employer and management-dominated committees and more recent works councils. In the process, many companies continued to rely on the state security system to counteract and suppress black unions (Douwes Dekker 1988a:16).

### 7.7.2 correlation between legislation, collective bargaining and nature of labour's power

The extent and nature of government's role in establishing bargaining structures and influencing the relative power of employers and labour, relates to the correlation between legislation, collective bargaining and the nature of labour's power position within a particular societal

context. By their own admittance, with substantial caution, Davies and Freedland (1983:52) risk the following generalisation ... 'regulatory legislation is apt to prevail over collective bargaining where and when the political pressure power of workers exceeds their industrial pressure power ...' and 'it is sometimes (but not always) the case that, as the unions get industrially stronger, the significance of collective bargaining grows and that of legislation diminishes whilst, as their political influence increases, so does the volume and significance of regulatory legislation'.

The recent wave of legislation in, for example Europe, in order to encourage local bargaining over especially control issues, may be interpreted in the light of the above generalisation e.g. in France and Italy. In Italy, the authors observe, 'we have seen how growing trade union strength can produce a generalisation of principles hitherto developed by collective bargaining and their transformation in to law'. Developments since 1963, but especially since 1974, have shown 'how quickly the scene of rule making can shift, and legislation can come to the forefront' (1983:53) In Britain, unions have acted as a countervailing power long before constituting a political pressure power through strength of votes. Unions, therefore, have greater trust in collective bargaining rather than legislation.

While collective bargaining in South Africa has in general been viewed as central to the area of labour relations, this is only true in part. In the past, the white section of the work force has benefitted from the freedom to associate and bargain with employers. But, given their political power through voting rights, their position relative to black labour has been secured by extensive regulatory legislation by the state. These very measures have undermined the black workers' position within the labour market and have relegated them outside statutory collective bargaining structures.

However, black workers have increasingly come to constitute themselves as an industrial pressure power and since the 1970's, collective bargaining has once again come to prevail over government regulative legislation. This is demonstrated by the 'opening up' of formal bargaining structures, the freedom of blacks to associate and bargain in these structures and the establishment of local bargaining by the 'newer' unions. It is also demonstrated by the fact that while government may not initially have favoured the development of plant level bargaining, it has now come to terms with it and has subsequently refrained from becoming actively involved in these developments. The Manpower Commission has conceded to the fact that plant level bargaining is a 'natural phenomenon' and that 'completely valid agreements' are being reached at this level (S Bendix 1984:7-8). Says Jowell (1986:74), plant level bargaining 'can secure an ordered, procedural settlement of disputes and is a stabilising influence in this period of change' and as such should be encouraged by government reforms. The imposition of legislation and sanctions on either party should thus be avoided.

#### 7.7.3 interrelationship between government's role, power of bargaining parties, economic and political structures

While government policies and legislation have a direct bearing on the relative power of employers and employees - in general reflecting existing power relations - the strength and power of a particular party can feed back into legislation. Increased labour strength can, for example, play a decisive role/part in getting government to make concessions to labour. This is particularly well demonstrated in the European context where governments have often provided labour and unions with power enabling them to demand the accommodation of their interests. Governments have responded through political commitment to full employment until the mid 1970's, the creation of welfare

services reducing workers' dependence on wages for providing life's necessities (Grundberg 1986) and the establishment of labour law - all of which have substantially increased labour's power in dealings with employers and management (Hill 1983:168). Increased labour strength has been translated into action to obtain more control over work issues and getting government to support their demands by legislation and encourage work place bargaining.

Increased labour strength however, does not have to originate in government legislation and policy. It may originate in the economic structure - more specifically the labour market - or in the spontaneous growth of workers' social power. The changing position of black workers in South Africa since the 1960's and, at least up to 1987, illustrates this clearly as well as government's reaction to these developments through changing labour and other legislation. Equally important, these very legislative changes may again feed back to the power relations between employers and workers. Jowell (1989:77) essentially makes the same point when she says:

The Wiehahn Commission and the (then) Minister of Manpower, Fanie Botha, went some way to empowering black workers by legitimising their unions and dropping job reservation in 1979 - but they were just one step ahead of a tide that was already turning. Rising black education, an increasing skill shortage and the moral pressures of international opinion were already giving black workers bargaining muscle outside of our formal industrial relations system. Employer power to resist good faith bargaining was no longer absolute.

#### 7.7.4 government policies and legislation and the preservation of itself and a capitalist economy

Government policy and legislation may, in the final analysis, be circumscribed by its very own preservation. In South Africa, government legislation and policy since the 80's reflect such a concern through 'the creation of a social and economic environment that is favourable for the

preservation of the economic system that gave it birth' (Nattrass 1988:231). This seems to hold true even in the light of short-term concessions to certain sections of the electorate i.e. the white or 'bounded' working class in the past. Pressure directed at government by certain fractions of capital in recent years, however, demonstrates the extreme vulnerability of the free market system (Wolpe 1988).

These comments should not be interpreted as to imply that government has disposed of all discriminatory measures devised to suppress and curtail worker power. While some measures have been formally disposed of in recent years, regulation under the present state of emergency since 1985, has had significant consequences for the power of black workers and their unions i.e. the detention of union and community leaders.

The state of emergency, says Cooper (1987:89) has 'allowed the authorities to act outside the rule of law' and COSATU has especially been hard hit. The removal of union officials either through detentions or their restriction to certain magisterial districts, has disrupted not only union organisation but especially wage negotiations. This has been especially the case in the retail and mining industries and many strikes and workstoppages followed in response to the state's emergency regulations. Employers' response to the state of emergency has also been criticised by unions mainly along the following lines:

- (1) employer attitudes lacked boldness in their condemnation of the emergency regulations although there were exceptions e.g. Premier Milling, FCI and AECI
- (2) employers did not exert enough pressure on government and when they did, it was covert and a reaction to unions' pressure to this effect and
- (3) the existence of discrepancies between attitudes of business leaders and their management in the work place. A similar discrepancy exists between what



employers say and what actually happens at the work place (1987:89-92).

#### 7.8 The new Labour Relations Amendment Act (September 1988) and local bargaining

In Chapter 6, for example, in support of arguments advanced by Gelb and Innes that monetarist-induced recession by government is essentially aimed at shifting the power balance between capital and labour, it was shown that black workers are at present willing to accept pay settlements far lower than their opening demands. Total man-days lost due to strike action also seem to be considerably lower since 1988. Even so, and despite certain setbacks, union and federation spokesmen remain optimistic regarding the position of black labour during 1988. Meintjies of COSATU (Council of South African Trade Unions) is quoted by Obery and Singh (1988:42) as saying:

On the shopfloor we have made great advances with hundreds of thousands of workers taking strike action. Employer resistance to the living wage and attempts to impose the wage freeze have generally not succeeded

and

(t)here have also been important gains and concessions on "benefits" demanded as part of the living wage campaign. Politically the labour movement continues to play a crucial role in putting forward demands for democracy and an end to apartheid.

Also, Camay of NACTU (National Council of Trade Unions), says that this federation was going into 1989 'more determined than ever to continue the protection of members in the work place and the wider community' and that while the deepening recession has not allowed unions to improve wages in the same way as before, the federation has negotiated wage increases above the consumer price index (1988:42).

In addition to the present economic climate, the amended Labour Relations Act (No 83 of September 1988) has been viewed by many commentators and union spokesmen as being highly detrimental to black labours' power - thus providing support for Gelb and Innes' view on shifting power balances in South African industrial relations and society. Particularly the unions have come out strongly against the new Labour Relations Act which has been seen as a major reason for the drop in the number of workers involved in industrial and strike action. The Act is viewed as an indication of a renewed and aggressive act by state and employers 'to regain ground lost to the union movement since 1979' (WIP 54 1988:29). The new Bill has come to the fore, says Ruiters and Niddrie (WIP 52 1988:16), because 'the pure power of organised workers has, in space of just one year, exploded out of its threatened potential into the beginnings of a real threat'.

It could even be argued, as Albertyn (1989:82) does, that black unions' gains in the 1980's have not been that spectacular when viewed in international terms. He says:

The 1988 Labour Relations Act amendments do not reverse an imbalance. They halt a process in which unions were beginning to acquire the attribute of equal partners with employers in the regulation of labour relations. The imbalance which characterised our labour relations for the century before 1981 was in the process of being remedied. That process has now been truncated, and the traditional inequality in the social powers of employers and unions is being re-asserted.

Following the National Manpower Commission's investigation into dispute settling machinery, the following significant amendments were proposed (Albertyn 1987:78):

- to expand the definition of an unfair labour practice;
- to introduce the notion of an unfair dismissal as separate from unfair labour practice;
- to establish a special labour Court to sit as an appeal court over the Industrial Court;
- to streamline conciliation board procedures

To avoid an overly technical discussion of the amended Labour Relations Act, the implications of the Act can be summarised as follows:

1. any strike, lock-out or stoppage of work, if the employer is not directly involved in the dispute which gives rise to the strike, lock-out or stoppage of work amounts to an unfair labour practice
2. workers cannot strike more than once over an issue which had already been the subject of a strike in the preceding twelve months
3. the procedure for going on a legal strike is made more complicated
4. both legal and illegal strikes may be declared unfair in terms of the new definition. Even legal strikes may thus be interdicted
5. a number of labour practices are excluded from the definition of an unfair labour practice, e.g. selective re-employment, provided it takes place in accordance with fair criteria and not on the ground of an employee's trade union activities; and lesser standards of substantive fairness may be applied to probationary workers
6. it may be an unfair labour practice for a majority union to demand the right to negotiate for a whole work place
7. unions in areas where they are not representative of all workers can be registered e.g. racial unions
8. unions are deemed to be responsible for illegal strikers and can be sued and their assets confiscated to compensate for company losses caused by a strike
9. unions may not call for a consumer or any other boycott as this will be an unfair labour practice
10. the power of the Industrial Court is restricted by the creation of a special labour court which will have overriding jurisdiction.

The 1982 amendments to the Industrial Relations Act have been particularly significant for work place relations and bargaining between management and workers for the Industrial Court was given power to reverse managerial action. This had been especially successful regarding unfair labour practices

in the areas of dismissals and retrenchment. Prior to the 1988 amendments, the definition of unfair labour practice had been wide and open-ended.

The legislator sought to transfix current interpretations of unfair labour practice currently existing (Albertyn 1987:78). It thus seeks to summarise what the Industrial Court has up till now found to be an unfair labour practice and to prescribe that all those instances will in future constitute unfair labour practices. The Act now codifies what has been a broad, flexible framework. The negative implications lie in the fact that the Court may be forced to rule in a very specific manner given the close definition of an unfair labour practice when 'social and historical circumstances require that in "fairness" the matter be decided otherwise'.

The Act also establishes that unfair dismissals should be treated as a separate legal category from the well established concept of unfair labour practice. The effect is to individualise dismissals disputes and to separate them from their collective context as unfair practices. The Act signifies that trade unions need no longer be consulted prior to an anticipated retrenchment provided the employees are consulted. In Albertyn's view, this could be subversive of sound collective bargaining. The separation of unfair dismissals from unfair labour practices ultimately relates to the issue of job security as workers perceive an unfair dismissal to one individual worker as a threat of unfair dismissal to all of them.

As pointed out above, indemnity against damages is also covered by the Act. Any trade union or employer organisation which interferes in the contractual relationship, leading to a breach of contract, will not receive indemnification against damages suffered by either employer or union party as a result. The act further assumes that union membership, office bearers or officials are acting as authorised agents of their union. Indemnity is immediately removed in the case

of illegal strikes, lock-outs or the commitment of a criminal act (Section 79). The onus, says Nupen (1988:78), is now on unions or employers' organisations to prove that individuals are not acting on their behalf. This could well mean that unions and their officials 'will pull back from the arena of conflict on the shopfloor in fear of attracting civil liability' resulting in a deterioration of peaceful resolution of conflict and relations on the shopfloor.

The Deputy Director General of the Department of Manpower, J D Fourie, in a recent article, comments on the new Labour Relations Act and specifically on the rationale behind the new amendments (1988:65-73). Referring to ULP (unfair labour practices), he argues that the new Act actually protects unilateral action in the creation of 'rights' of employers and employees. Given that, historically, the pattern has been set that government is to regulate the community through laws, it was argued by the legislator that disputes could be prevented if the rights of both parties are spelled out in the Labour Relations Act.

Reference is made to the conclusion reached by the Commission in this regard (1988:66-67):

Most witnesses felt, however, that the definition was far too wide. This created legal uncertainty and encouraged litigation since a party was free to allege that virtually any practice was an unfair labour practice. In addition, the use of litigation as a means of clarifying the content of the definition, could lead to enormous legal cost ....

The intention of the amendments was not, according to Fourie, the codification of the definition of an ULP but to present 'guidelines' and to 'facilitate collective bargaining'.

The stipulations concerning strike action e.g. conducting a strike ballot after the stage of mediation has been reached, is intended, says Fourie, to facilitate a gradual progress towards strike action and to remove the possibility of a

union, through a ballot, putting 'unfair pressure' on an employer to settle a dispute. Furthermore, the stipulation that union members, office bearers and officials are acting as authorised agents of the union, is justified by the legislator as an effort to do away with the possibility of people involved in 'unlawful actions' hiding behind technicalities in order to avoid liability as protection is provided in instances of 'lawful action'.

Even if the officially stated motivation and intentions behind the new Labour Relations Act are accepted - which depends of course on whose interests are at stake - these considerations must be distinguished from the Act's consequences for and impact on the relative strength of employers and labour. What is particularly questionable in the arguments put forward by Fourie, for example, is the assumption that the historically established pattern of government regulating the community through laws which, to his own admittance, can be viewed as right or wrong, is justification enough for perpetuating such a pattern. This is particularly relevant given the progress that has been made since 1979 in the establishment of employer and employee relationship at the work place - a relationship structured, in most cases, according to the needs of the relevant and respective parties.

In the light of what the amendments represent for unions and workers, it comes as no surprise that the unions have put wide-spread pressure on employers to oppose the Act even prior to its promulgation in September 1988. This has even taken priority in many instances over wage demands. Although the main federation i.e. NACTU and COSATU have not always employed similar tactics in this regard, they are united in their opposition to the Act. This has manifested itself in a massive stayaway protest by these federations during 6-8 June 1988 which has been termed as the most successful in South African protest history (Indicator SA Vol 5(4):74) with obvious potential for a greater unity in the black labour movement (WIP 58 1989:28). Prior to September, NACTU

adopted a strategy of using recognition agreements in order to 'protect their relationship with management' by negotiating specific clauses to be incorporated into agreements. This strategy is aimed at protecting their strength on the shopfloor. Should management ignore such agreements, an unfair labour practice case can be brought against management for unilaterally breaking the agreement (SALB 1988:22-23).

COSATU interprets the Act as 'part of a general assault on the democratic movement' and has proposed to unite with other organisations e.g. UDF (United Democratic Front) and Five Freedoms Forum on the issue (Von Holdt 1988b:10-11; COSATU Pamphlet SALB 1988:12-15).

Employer groupings and management have stayed clear of committing themselves to an outright rejection of the Act, even prior to its promulgation. Before September 1988 the Chemical Workers' Industrial Union sent out a letter, rejecting the Bill, to managers demanding it be signed and sent to the Department of Manpower. Answers indicated a general acceptance by management of the proposed Bill. Examples of responses included:

...management has always applied the principle of making representation to the authorities through the correct channels of organised commerce and industry - in short, through Employer Organisations. A decision in this regard is due to be taken shortly. Under the circumstances we are of the opinion that any action from our part at this point would be premature and superfluous

and

(i)n analysing the bill it is our assessment that the bill contains both positive and negative and cannot therefore be summarily rejected' (SALB 1988:19-21).

Even more progressive groupings, for example, ASSOCOM and FCI, endorsed the final draft tabled in parliament viewing it as necessary to curb 'irresponsible behavior - harmful to both employers and workers' (WIP 54 1988:29).

As previously noted, the unpopularity and unacceptability of the new Labour Relations Act to especially the unions, are reflected in efforts by the latter to conduct relationships and contracts with employers outside the scope of the new Act. However, the present economic climate has been a problematic factor in these efforts and many employers have, as was shown in Chapter 6, reacted by pushing for increased productivity and the conclusion of productivity agreements with their employees.



## CHAPTER 8

## LOCAL BARGAINING: FACTORS RELATING TO A PARTICULAR ENTERPRISE, PLANT AND SHOPFLOOR CONTEXT

## 8.1 Introduction

The establishment of local bargaining is dependent, in the final analysis, on the attitudes and preferences for such bargaining on the part of the relevant parties and their relative power to in fact get such bargaining established. The relative power of employers (and management) and that of workers is significantly related to those broader, environmental considerations discussed in Chapters 6 and 7 against the backdrop of the historical development of unions, employer organisations and bargaining patterns as outlined in Chapter 5. It was suggested that the most crucial of these environmental factors seems to be that of the economic factor. Within a given economic environment, government plays an important role although the economic context is partly created by government itself. It was also argued that government can enhance the power of one party relative to that of the other. Generally, government policies and legislation, to a significant degree, reflect not only the existing power relations within a particular society but also the social values and ideologies in which societal arrangements are imbedded. The choices made by government however, are, in the final analysis, circumscribed by the cyclical nature of the capitalist economic system and structural economic conditions with its immediate consequences for the relative power of employers and employees (Grundberg 1986:522).

But, while these environmental factors may constitute or create the potential for getting local bargaining established, such bargaining is also dependent on circumstances pertaining to a particular enterprise, plant

and shopfloor situation. Of particular significance is the relative power of the parties within a specific work organisation. The relations between management and labour is concretely manifested within the context of such an organisation and it can be expected that the degree of power disparity existing between these groupings will be most visible within an organisational context partly reflecting the relations within wider society. Equally significant is management's attitude and willingness to accommodate such bargaining especially where local bargaining is not entrenched by statutory measures as is the case, for example, in the United States and Japan, through works councils in Germany and to some extent, the committee system in South Africa prior to 1979. Plant bargaining through recognition agreements in South Africa since the 1970's, is an important case in point as is plant bargaining in Britain after World War II.

Throughout Chapters 6 and 7, frequent mention was made of the generally hostile attitude of employers and managers in South Africa towards work place bargaining especially where black workers were concerned. Throughout the history of industrial relations in South Africa, employers, and especially managers, preferred bargaining - even with white employees - to be removed from the work place.

In the absence of a statutory bargaining system which formally provides for and mandates local bargaining or, where statutory arrangements are not successfully utilised, the probability of local bargaining proper being established in a particular establishment (assuming that labour for example deems it to be in their interest), depends on conducive environmental conditions (relating primarily to the parties relative power) combining with certain circumstances prevailing in a particular establishment. Of course, once such bargaining becomes a general pattern or tendency, it may become an institutionalised feature of a particular country's bargaining structure and arrangements even if it is to remain outside the formal statutory system.

This is exactly what has happened in, for example, the British and South African cases for in both these countries, plant bargaining has become an accepted norm. Of course, some degree of ongoing informal shopfloor bargaining and negotiations characterises most establishments even where plant or enterprise bargaining is statutory mandated or has become the norm over time (Webster 1986).

In the identification of variables pertaining to particular work places, Hill's (1974; 1983) analysis of shopfloor activities and the variables underlying all shopfloor industrial relations, is of great heuristic value. Particularly helpful is the distinction between variables related to management on the one hand and those related to labour within a particular work organisation i.e. plant, enterprise or shopfloor situation.

## 8.2 Variables related to labour

### 8.2.1 power of labour

The extent of labour's power as a critical variable in all instances of bargaining has been stressed throughout. In the previous chapters, it was argued that labour power (through industrial or political power pressure groups) is primarily a function of political, social, and especially macro-economic factors. At local level, it is of course the perceptions that management, as well as labour, have of the other party's relative power position at a particular stage that constitute the crucial variable in getting local bargaining established by either party. As from the 1960's and 1970's, management in South Africa was forced to take cognisance of the growing strength of especially black industrial workers within their own respective establishments. High strike rates and the growing strength of black independent unions demonstrated the transformed

position of black workers within the industrial relations sphere.

#### 8.2.2 labour organisation

Labour power only creates the potential for action within the work place. Workers have to take full advantage of their potential power by organising and mobilising primarily in terms of work groups. The constitution of work groups must be of such a nature that members can participate in and conduct bargaining activities with management (Kuhn 1961). The pressure exerted on group or work representatives by its members, differs greatly in terms of type of workers, their position within the production process and changing conditions. Referring to fractional bargaining in the United States, Kuhn argues that, in spite of such potential differences, work groups have mainly two purposes: (1) to set a level of output and wage earnings in terms of efforts by members within existing conditions and (2) to maintain the integrity and prestige of the group.

Regarding work groups, Hill (1974) warns against the general tendency of perceiving them as being universal and monolithic and giving them priority over the generation of informal rules - the latter being still of primary importance. Work groups, he states, are merely 'one particular form of social institution which acts on the normative system' (1974:216). In order to clarify and demystify the concept, he suggests key factors underlying work group formation and activity which facilitate the empirical examination of the work place. The most significant variables are structural conditions influencing the formation of groups, the extent to which group consciousness exists as well as the nature thereof and the power of the groups which is critical in pursuing goals and interests. Some of these factors are also taken up by Sykes

(1967) in his study of the printing chapel, especially the creation of cohesion within the workshop organisation.

(i) group formation

The most critical structural factors influencing group formation are (a) production systems and (b) the nature of payment systems.

(a) *production system*

The production system can be seen to result from the nature and type of production technique utilised within an organisation as well as the organisation of work or division of labour which is built into or required for efficient operation. Production technology in some industries - and thus establishments within those industries - may foster amorphous work groups which are easily dominated by unions (and management) while in others, technological requirements can create 'distinctive, united, and self-conscious groups whose members' primary loyalty is to the group, not the union' (Kuhn 1961:145).

In the more traditional industrial relations literature, technology is usually interpreted as being deterministic in its role and consequences for workers and work organisation. Technology functions in this tradition mainly as an explanatory variable (Blauner 1964; Woodward 1958; Sayles 1958). Recent years have witnessed a dramatic shift and modification in this interpretation. Braverman (1974), for example, sees production technology as reflecting basic class relations and as an integral part of management control over workers. New productive techniques are developed which control and coerce workers, deskill them and reduce their power and control. By removing skills and 'conception' from the worker, control is built into production technique and work organisation. This

interpretation however, must not be accepted without some caution. As argued by Thompson (1983:107-108), there remains a possible confusion between the 'ability of workers to retain skills and job control'. Workers may still retain control of working conditions after deskilling has occurred. This leads Nichols and Beynon to note that 'skill is not essential to control' (1977:108).

In spite of these warnings, the introduction of new technology and its application has been increasingly viewed as management-induced. Work organisation and labour division is seen as a function of management control efforts rather than just being exclusively determined and constrained by technology (Hyman 1975). This leads Hill (1983:86) to comment that the 'decision to use one technology rather than another is a decision taken by managers and is not the consequence of any inevitable or inescapable logic of technology'. Division of labour and work organisation is thus influenced, but not determined by technology.

Keeping the inputs by management in mind, production systems are seen to facilitate group formation to the extent that it relates to the following aspects i.e. the degree of interdependence between members, the extent to which members share common interests, the degree of control it exerts over work processes, the degree of movement that is allowed in order to facilitate interaction between workers and the degree to which work methods, standard and materials are constantly being changed (Kuhn 1961; Hill 1974; Walker 1981).

Labour division often creates greater interdependence between elements of an organisation which could imply greater solidarity amongst workers. Regarding workers' control over work processes, and using Woodward's (1958) classification, it is suggested that the worker has more extensive control in the case of unit production i.e. the craft worker. Situations characterising mass-production (conveyer-belt), are seen to be highly oppressive and

workers have virtually no control or autonomy in determining speed, manning levels and the experience of pressure. In the case of process production, workers regain some control over machines. The automated plant tends to run itself and the worker has to monitor the machine. While still tied to his or her work, the worker can move freely around the shopfloor (Elliot & Beishon 1977). The loss of power and pressures experienced by workers involved in mass production, leads Banks (1968) to view mass-production as more prone to conflict between workers and managers - the reason being that the nature of work organisation within this type of production situation groups workers together. The latter experience pressure and tension due to close supervision by management through foremen. Under these conditions, one can expect the formation of groups and the spreading of shopfloor negotiations and bargaining.

Production technology can also facilitate a community of interests by fostering collective orientations and behaviour (Seear 1968; Kuhn 1961). To the extent that this does happen, the group's autonomy increases which may even weaken the authority of unions over the work group. This is often the case in American plants. The occupational composition of the work force is an obvious factor in creating common interests but, the development of communal sentiments is not restricted to skilled workers only. It can develop amongst less-skilled workers as well, especially if labour recruitment is highly localised (Hill 1983). In mass production situations, the probability of communal sentiments developing is far greater than in process-type industries because, as was shown, in the latter case workers are scattered all over the production floor and do not work in close physical proximity (Seear 1968).

The relevance of freedom of movement and potential interaction have been implicit in some of the above arguments. Again, production technology, especially the physical lay-out, is of crucial significance. In the absence



of movement and interaction, the chances of work groups developing are very slim indeed.

Finally, certain production systems enforce continuous change in work methods, standards or material on large segments of the work force. According to Kuhn, the possibility of interaction combined with constant changes fosters a willingness to form work groups.

Concluding the above generalisations, the role of impeding factors must also be recognised e.g. the noise of machinery and frequent changes in work locations (Elliot & Beishon 1977; Sayles 1958; Hill 1974).

(b) *payment schemes*

The importance of payment-by-result schemes (piece-work systems) for shopfloor bargaining has been clearly demonstrated in Britain, especially during the 50's and 60's (Jackson 1977; Ross 1966; Hill 1983). Payment-by-result schemes are seen to be a major incentive for group organisation in the enterprise or plant. By paying bonuses for the output of a whole unit, collective awareness and community of interest may develop as a particular worker's income is dependent on that of the rest of the group. But piece-work systems can be based on the individual worker as well. This was often introduced in Britain against strong union resistance as it was viewed as a mechanism for intensifying the pace of work and for forcing workers to agree to a rate for the job as individuals rather than collectively (Hyman 1975). Individual schemes can of course also promote solidarity in that collective action by workers may mitigate various negative consequences of this system e.g. restriction of output on a group basis prevents earnings of the individual worker rising so high that management may decide to cut the rate for the job. It also helps deceiving time-study engineers when assessing jobs,



maintain a steady level of output in order to keep wages from fluctuating and also protects the weaker worker.

The introduction of individual piece-work systems can thus be turned against management and Hyman (1975) argues that it stimulated the growth of work place union organisation whereby piece-work bargaining was brought under the collective control of shop stewards. This was to lead to the general practice of first line managers making concessions to keep production going thereby exacerbating the 'informal system' as identified by the Donovan Commission. The consequences of these practices were twofold. Firstly, earnings were often in excess of wages formally negotiated at industry level and secondly, the power of shop stewards increased significantly for they often achieved outstanding bargaining results.

At the same time, piece-work bargaining also has potential negative consequences for workers e.g. earnings are highly vulnerable to fluctuations in production and the economy and differential earnings between groups may create conflict. The solution may lie in strong, co-ordinated plant-union organisation in pressing for guaranteed earnings. All in all, payment-by-result schemes foster worker organisation and bargaining awareness on the shopfloor for under such a scheme, 'almost any managerial or supervisory interference is likely to partly determine the amount earned and therefore it will be scrutinised closely if only for this reason'. It is mainly for this reason that management has prompted a move towards measured day-work in the British firms (Storey 1981:154).

Although production technology and payment schemes have been singled out here as important factors in the formation of groups, factors external to the work organisation may also have a significant influence. Divisions based on ethnicity, gender, race and religion may foster a community of interest strong enough to lead to the creation of work groups (Thompson 1983). The possible significance of these

divisions relate to the centrality of values, ideologies and cultural belief systems embodying these divisions within wider society. In other words, it is the environmental context which will define the relevancy and significance of these divisions. The differentiated nature of the labour market, in terms of especially race and ethnicity in the South African context, highlights this very point. Race (and ethnicity to a lesser extent) represents a crucial factor in creating solidarity and a community of interests amongst workers within the work organisation.

(ii) degree and nature of group consciousness

Given the formation of work groups, the extent and nature of group consciousness is similarly relevant. This relates to workers' perceptions and subjective definitions of their work situation (Daniel 1973; Brown 1973). Many classifications of workers' orientations stress influences outside the context of the plant and work situation which have a bearing on workers' behaviour in the work place. But it has also been argued that work experiences have an equally important influence on attitudes and orientations stressing the role of work place socialisation. Orientations may also be seen to differ according to different work contexts e.g. bargaining contexts as against every day work experiences (Daniel 1973). Equally relevant is the objective features of the employment situation for example, the awareness of the general economic climate or the economic situation of a particular industry i.e. degree of competition, fluctuating markets etc. Awareness however, is a function of being informed. In traditional South African business culture for example, informing workers on these issues has hardly been part of management's ideologies and practices. This has now become the task of unions and their officials. This illustrates the relevancy of management attitudes and policies for group consciousness - especially the extent to which management deals with workers as individuals or collectively (Hill 1974).

While a degree of group consciousness may seem to exist, the precise nature thereof may be still far from clear. What seems to be important, is the extent to which it is in opposition to management or other groups of workers. The important issue then is 'how group solidarity is defined, whether it is purely internal to the group or whether it is defined by reference to outsiders' (Hill 1974:221). In other words, the fact that group consciousness exists, does not indicate what specific type of behaviour is likely to follow e.g. shopfloor bargaining. The nature of group consciousness relates to issues like 'labour ideology', 'counter-ideology' among workers, 'factory consciousness' etc. All of the above have important implications for work groups and their participation in bargaining activities with management. The relevancy of ideology in work place relations and bargaining is significant. Not only does management legitimise control and authority through ideological means, but ideology is a central resource in efforts to gain control by workers (Lumley 1983; Hill 1974). This seems especially true for union officials. For example, counter- and contending ideologies held by black industrial workers in South Africa as reflected in, inter alia, the 'workerism' and 'populism' debate, will find expression within individual work places and structure workers' relations with management as well as bargaining objectives. (Heald 1989; Bendix & Verster 1986).

(iii) power of labour on the shopfloor

While the power of labour, in generalised terms, is influenced by environmental factors, the power of particular work groups within a plant or enterprise is primarily determined by the position occupied by them within the total production-system. Some workers or groups occupy highly strategic positions within the total flow of production thereby making management extremely vulnerable to total disruptions in production. This may even lead management to initiate technological changes in order to undermine the

power of certain groups (Hyman 1975; Kuhn 1961). But, management may also decide to grant concessions to groups and accommodate work place bargaining in order to sustain production levels.

Kuhn (1961) and Banks (1968) suggest that the type of technology most vulnerable to possible disruptions is one that requires continuous, segmental processing of materials into one final product. The relative power of groups working within such a technological context vis-à-vis management will be a crucial consideration in the latter's attitude and policies towards bargaining in the work place and the extent to which management will be prepared to accommodate it. Again, it is the perceived power of workers by management that will determine the latter's attitude. Thus, although management may give priority to policies to institutionalise conflict and maximise areas of common interest, management can also return to 'blunt instruments of enhanced managerial power' especially during periods of economic recession (Purcell 1983:59). One of the 'blunt instruments' is the identification of powerful and strategic groups in order to minimise their power or the likelihood of this power being utilised to coerce the firm through disruptive action. This may involve a reduction of the organisation's dependence on specific groups (through changing technology), inhibiting the development of solidarity (also through technological change) and 'ensuring that if power is tested the outcome will weaken rather than affirm the group's perception of its power'.

### 8.2.3 labour leadership

Work place representatives i.e. shop stewards, office representatives etc., fulfill a crucial role in helping to create an 'awareness' among workers and mobilising them to organise against and bargain with management. The importance of shop stewards is also linked to the size of the work

organisation for not all members can participate in bargaining and interactions with management (Walker 1981).

It is suggested by Watson (1980), that the most useful way of interpreting the role of the work place representative is that of a group 'spokesman' in the sense that he/she articulates the common objectives and interests of the work group. As to the constituency of the shop steward, a 'shop' is usually not a single group but normally a combination of different groups, leading Clegg (1979) to differentiate between shop stewards and a spokesman - the latter of whom represents a particular group.

In general, shop stewards are seen to propagate the values of unity, collective interests and organised opposition to workers and ultimately provide a framework for interpreting the world of work (Hill 1983). Given the strategic position occupied by the shop stewards, they are well equipped to relate these sentiments to the worker (Topham 1967). They constitute an important source of information due to day-to-day experiences with workers and especially where they occupy this position on a full-time basis. They are informed about the 'inner' workings of the organisation especially concerning management's attitude and policies as well as the state of the market. This is a crucial factor if bargaining is to have any success with regard to workers' interests (Banks 1974). The critical role of labour leadership is confirmed by Lumley's (1983:306) research on work place relations in Australia when he notes that... '(a)ctive local union leaders, as generators and disseminators of ideology, may foster resort to collective means among workers who are ambivalent about their definitions of situations'.

The circumstances facilitating the development of work place representatives are not always easily ascertainable and, even if they were identified, they may be expected to vary between different industrial relations settings and different establishments. The bulk of the literature on shop stewards for example, are extensive documentations of the

history and development of British shop stewards originating in the first shop steward movement during World War I - especially in engineering and some other manufacturing sectors (Batstone et al 1977; Boraston et al 1975; Clegg 1979; Brown 1981; Wilders & Parker 1975; Banks 1974; Brown et al 1978; Hyman 1979).

In the light of the above, the need for work place representation seems to be a crucial factor in accounting for the development of labour leadership. This need especially develops when workers perceive existing unions incapable of representing their interests vis-à-vis management adequately. Labour leadership of course, requires individuals who possess the necessary qualities, skills and willingness to fulfill this role and participate in bargaining with management (Walker 1981:448).

### 8.3 Variables related to management

The industrial relations conduct of employers and managers is influenced by a whole range of factors i.e. (1) external or environmental constraints including politico-economic conditions, rationality and culture; (2) managerial organisational structures within the enterprise and the institutional structure of industrial relations; (3) the attitudes and choices of managers themselves; and (4) the relative power of managers vis-a-vis the state and the trade unions (Poole 1984b:57). It is especially management's attitude and the nature of management structures that may come to facilitate local bargaining. Management in Britain, for example, has been seen by some to have been largely responsible for the move towards single company bargaining in the 1970's. It has also been seen as to have encouraged the role of full-time shop stewards and providing the facilities for trade union functioning at the local level (Poole 1984b:89). Of course, in the final analysis, both parties must view such bargaining as serving their own

respective interests. Labour may view it as a means for gaining more control over wages and their work life, while management may perceive it as necessary in order to secure profits and keep production going.

#### 8.3.1 management attitudes and policies towards formal local bargaining

Management's attitude and policies towards formal local bargaining are structured by a whole series of considerations, of which not the least important, is management's perception of labour's power position within the work place. The latter is of considerable importance in those instances where labour is set on establishing such practices.

As previously indicated, management's positive attitude towards formal enterprise and plant bargaining, is related to pressures located in changing product and labour markets due to recessionary tendencies and increasing competition. Greater autonomy and flexibility have become major concerns for any firm wishing to 'survive'. Thus, 'hard' market conditions constitute an important factor in preferring local wage bargaining as far as management is concerned. The significance of the nature of the product market is illustrated by Goodman et al (1977) in an investigation into the footwear industry quoted by Marchington and Loveridge (1983:74-75):

The major feature of the product market are the relatively slow growth in total demand, the intensity of competition, the recent dramatic increase in import penetration of the home market, the enhanced importance of fashion, and marked seasonality in the nature and level of demand. All these factors have important implications for industrial relations, perhaps most notably in the frequent changes in both volume and type of production.



The relevancy of another consideration structuring management's attitude and bargaining awareness is implicit in the above quotation. Under highly competitive conditions, the community of interests between employers under more centralised bargaining structures has generally been severely restricted. The continuing decline in recent years of the role of employers' associations has been indicative of the move by management and employers towards formal local bargaining - especially plant - suited to the needs of their respective firms (Poole 1984b:58).

The role of technology has also been implicit in some of the above arguments. It is suggested that technological progress can increase differentials in wage levels between firms. Those firms characterised by high capital investment, are usually more inclined to supplement industry and national agreed wages based on local enterprise and plant conditions (Stettner 1981:168-169). Because of the high costs of production machinery, continuity of output is critical and management, concerned to retain high worker efficiency, is usually willing to pay these high wages established through bargaining (Banks 1974:33). The pressure experienced by the capital-labour ratio thus facilitates formal wage bargaining at local levels.

The introduction of productivity bargaining due to adversarial economic conditions, has fostered a willingness by management to engage in local bargaining. This has been especially true for British firms. While it was mainly encouraged by government in the 1970's, it was managers who had to implement such practices within their respective firms.

Productivity bargaining is a form of 'co-operative' bargaining. The essence of this practice is the 'productivity package deal' whereby the union agrees to accept changes in working practices in return for pay increases (Jackson 1977). It is based on the assumption that 'both managements and trade unions are prepared to commit



themselves to the achievement of a more efficient utilization of all the firm's resources' (Hawkins 1972:158). The main reason for management's willingness to accept such deals, stems primarily from a need to improve the efficiency of the firm. Under conditions of 'normal' bargaining, the latter usually results in higher labour costs without changes in productivity levels. The distinctive feature of productivity bargaining is thus its specificity regarding the nature of achievements and rewards and the time/period during which rewards and achievements are coupled (McKersie 1967:188).

As noted by Banks (1968:37), productivity agreements are mainly designed to alleviate the 'particular problems with which individual firms or industries have been confronted'. Its emergence in British industry 'has been difficult to reconcile with the traditional British pattern of industry-wide bargaining'. Most of the changes required from the agreement are unique to a specific company or plant and the acceptance of changes 'must be obtained at plant level from employees directly affected'. Productivity bargaining (and resulting agreements) clearly facilitates local plant and enterprise bargaining for the essence of this agreement is to solve problems which are unique to a specific firm/establishment. It is, in Hawkins' words, 'a plant-based exercise in self-help designed to overcome certain deficiencies in the practice of collective bargaining within a particular establishment' (1972:157-158). The negotiation and implementation of such agreements have important consequences for the structure and style of work place bargaining. In the case of Britain for example, procedures were formalised, the role and status of shop stewards were enhanced, more information was disclosed, the substantive scope of bargaining was increased and issues normally subjected to unilateral decision by management, were brought within the ambit of joint regulation (Hawkins 1981:13-14).

The focus on labour productivity and the resultant willingness - if not eagerness - of management to engage in

local level productivity bargaining with workers stems, in the final analysis, from adverse economic conditions and a concern over 'high' wage levels. Productivity agreements may also be the only way in which trade unions can secure a substantial wage increase for their members within the context of an incomes policy. While incomes policies were seen in Chapter 6 as having a centralising effect on bargaining levels, it may encourage managers to in fact 'take an initiative in the conduct of workplace industrial relations' (Gottschalk 1975:122).

Productivity bargaining and incentive schemes are currently contentious issues for especially black workers and their unions in South Africa. It is argued for example, that given a low basic wage rate, management can impose 'stringent work study schemes which boost output considerably while paying only small production bonuses' (Lewis 1987:71). COSATU has reacted by stating that unions are proceeding with their campaign for higher basic wages regardless of the fact that some unions have decided to engage in these schemes to 'varying degrees'. The director of SAMCOR, S Lemmer (1985:18-25), has argued that productivity bargaining and agreements have been highly successful in this particular group of companies and that all parties have benefitted from the arrangement.

It is interesting to note that in Britain, productivity deals had implications for shop stewards acting 'independently' on the shopfloor level. These agreements did not, in Topham's view, undermine the shop steward's role but resulted in shop stewards seeking to control the application of the agreement, as well as basic wage changes. In this way, 'they and through them, the whole workforce, came to share in the handling of the main negotiations with the officials, so the officials came to depend more fully on them' (1967:155-156). The viability of this argument is difficult to estimate given that productivity bargaining in Britain has lost some of its popularity in recent years.

Plant and enterprise bargaining have also been facilitated in those firms characterised by a labour force collectively organised in more than one union. It is suggested that a manager may find it problematic to deal with full-time senior union officials from two or more unions when a particular issue has consequences for several work groups within the plant. Instead of negotiating with several stewards, management finds it clearly to its own advantage to negotiate and deal with a Joint Shop Steward Committee at the level of the plant (Clegg 1979). The formalisation of the shop steward structure and organisation and its formal incorporation into union structure, have thus facilitated plant and enterprise bargaining in the British case (Hyman 1979).

Finally, the degree of shopfloor militancy and 'unofficial action' may under certain circumstances be interpreted by management as being threatening to its rights, power and traditional prerogatives. To the extent that it does, management may enforce formal plant bargaining especially where it concerns issues of control and where management perceives its position to be more powerful.

#### 8.3.2 management attitudes and policies towards informal shopfloor bargaining

In spite of management's efforts to retain its control functions over labour and erode the latter's autonomy, most writers confirm the widespread acceptance and accommodation by management of informal shopfloor bargaining in their establishments. Not only the generation of informal rules are accepted, but also custom and practice and informal understandings (Brown 1972).

In his analysis of fractional bargaining, Kuhn (1961) argues that because this type of local bargaining may result in interruption of production and confuse company policy,

management may of course resort to suppressing such practices. Various options are open to management, for example, the development of close supervision, insistence upon formal, detailed agreements which leaves little scope for informal bargaining and the modification of production technology in order to break up powerful work groups - a point referred to earlier on. However, these steps may result in 'more comprehensive and perhaps even more expensive action'. In the light of these potential 'costs', management may perceive fractional bargaining as having advantages e.g. greater flexibility during unexpected production and labour problems. This is especially the case in large organisations which find it 'hard to adapt to unpredictable local irregularities in the production process' and lower managers who are 'forbidden to devise special arrangements with some freedom and clarity' in order to take advantage of local opportunities (1961:181).

The matters successfully handled by fractional bargaining are worker rotation, overtime assignments, seniority in job placement and local variation in matters such as starting and quitting times, rates and job content. In such a process, fractional bargaining may devise new approaches and solutions to hitherto unresolved problems.

But, such bargaining can be advantageous in another way i.e. the granting of greater autonomy and initiative to foremen. By regaining greater autonomy through fractional bargaining, he or she can fulfil tasks within the organisation with more success.

Management's attitude towards informal shopfloor bargaining, as with formal local bargaining, is conditioned by the nature of the firm's product markets. In situations where these markets are stable and competition between firms not that crucial, management is more likely to accommodate the presence of informal bargaining in order to maintain productivity levels. Acceptance is likely to be less under 'hard' market conditions characterised by competition. This

was especially the case in Britain around the 1940' and 1950's.

The accommodation of informal shopfloor bargaining also means that management must accept or recognise work groups as legitimate groupings within the establishment. The acceptance of fractional bargaining and the legitimacy of work groups can contribute to minimising the degree and extent of disruptive action (Kuhn 1961). Given a powerful labour force, the suppression thereof can result in great costs to managements and the realisation of set objectives. Management has in general accepted these developments although often in a highly defensive manner (Hawkins 1972).

### 8.3.3 the role of management structure

The function of management structure is to provide a mechanism for establishing and implementing organisational strategies, goals and policies (Kochan 1980:190-191) or more accurately, the goals, strategies and policies of those who manage (Salaman 1979).

Certain features of modern management structure relate to formal as well as informal local bargaining. The first feature concerns the heterogeneous composition of modern management. The error in depicting management as a homogeneous group has been noted by various observers (Kuhn 1961; Hill 1983; Child 1977; Smelser 1976; Chamberlain & Kuhn 1981 and so on). Management is 'made up of a number of differing and sometimes contending groups who may understand and emphasize corporate objectives in different ways and urge conflicting priorities in the pursuit of company goals' (Chamberlain & Kuhn 1981:88). The diversity of intra-management groupings follows logically from increasing rationalisation and functional specialisation within management. This diversity is linked to formal local bargaining in that the personnel manager has been central to

the development of this type of local bargaining. Poole has linked the increasing importance of the personnel manager to the overall priorities of the enterprise or plant (1984b:59). The creation of the personnel manager has also been a response to the increasing size of the firm, a preference for management division of labour and a preference to conduct bargaining at company and plant levels (Brown 1981).

The heterogeneous composition of management is linked to informal shopfloor bargaining in that it is usually managers occupying the middle and lower positions within the overall structure who experience potential and real conflict with workers i.e. production managers and foremen. To an important degree, these positions represent the barrier between senior management and the work force. Foremen are often labelled by sociologists as the 'men in the middle' - this often being the case in medium to large organisations (Hirszowicz 1981:99-101). In small, non-unionised firms, foremen often still have considerable clout especially when a surplus of labour exists. They are seen to have marked influence over bargaining activities regarding wages and working conditions.

In general, however, their position is characterised by conflicting expectations and little discretion and power. Men outside the foremen's control sphere influence the scope of their work and their freedom of action. They are often bypassed in that workers take grievances to the shop steward who, when unresolved, takes the matter up directly with higher management (Seear 1968:153-181 commenting on fractional bargaining in the United States). Under these circumstances, foremen often make informal deals with workers in order to reduce stress associated with their ranking within management hierarchy. This verifies Kuhn's assessment that fractional bargaining increases foremen's autonomy and control - a point referred to above.

Piron (1986:131-134), reflecting on the role of the supervisor in the context of recognition agreements in South Africa, also refers to workers bypassing the supervisor and their tendency to attract the attention of middle and top management with their grievances. Their next recourse is often to the shop steward committee, in which case meetings set up with higher managers often exclude the supervisor. Although Piron does not in fact say so, one can logically conclude that supervisors may, under these circumstances, resort to informal bargaining with workers for reasons suggested above.

Informal bargaining may also be acceptable to individual managers because the acceptance of informal rules may actually allow them to perform their task more effectively. The production manager may for example, participate in informal negotiations and make concessions to workers in order to meet production deadlines. Industrial relations managers are usually against such concessions and conflict between staff and line may result. This raises the issue of goals and interests for managers often interpret 'organisational' goals in terms of their own sectional or departmental interests (Hill 1974; Hyman 1975). It is also claimed that senior management, if informed of these practices, may choose to ignore it but it is more likely a case of management being ignorant of shop floor practices of this nature (Brown 1972:58-59). An extreme disjunction between higher management and the shopfloor may, for obvious reasons, exacerbate these informal activities. This leads Hill (1974) to conclude that managers does not react to informal bargaining in any unified way.

The nature of the internal control and information systems of management structure is also relevant when discussing the establishment of local bargaining - formal as well as informal. As suggested by Brown (1972), informal bargaining, especially custom and practice, cannot develop within a 'completely comprehensive bureaucratic system'. The worse management information systems operate and the control is



centralised, the greater the opportunity of lower managers to exercise discretion in the administration of rules. The probability that new precedents will be set, will also be greater. If it remains unobserved for some time, custom and practice rules may be established.

Conversely, a high degree of bureaucratisation and tight control and information systems can facilitate formal local bargaining by discouraging more independent informal negotiations. Management may use its formal systems (information and control) as a way of detecting and inhibiting the informal adaptations to the extent that management perceives it to be 'deviations' (Purcell 1983). This, of course, will be determined by management's attitudes, policies and ultimately, ideological orientations towards management authority and rights.

#### 8.4 Conclusion

1. The factors discussed under the headings of management attitudes, policies and structure as well as labour power, organisation and leadership, must be interpreted as variables which may reasonably be expected to have some measurable influence on establishing local bargaining - be it formal or informal - in a particular enterprise, plant or shopfloor context. Local bargaining is the outcome of the complex interaction, not only between these more organisationally oriented factors, but also between the latter and the political and socio-economic parameters in which it is located.
2. While broader environmental conditions will influence overall tendencies regarding local bargaining, they cannot discriminate between individual establishments. The extent to which conducive organisationally oriented conditions actually prevail within a particular



establishment, is only to be ascertained by a detailed empirical analysis of such contexts.

3. Some of the factors outlined in this chapter, notably the nature of the production system, as well as product and labour markets, are closely related to type of industry. In other words, plants and factories within a particular industry tend to experience similar product and labour market conditions and pressures and employ similar production technology - all of which have implications for relations and bargaining at the work place.
4. Finally, at the risk of overstating the point, a consideration of how managers and workers (and especially shop stewards) subjectively interpret and give meaning to the work place situation, remains crucial. Bargaining awareness is a function of the way managers and workers ultimately experience and interpret these contextual factors. Where contextual and environmental variables relate to the potential for local bargaining, management's and workers' attitude towards and awareness of bargaining in the work place relates to the propensity to bargain and remains the crucial variable.

## PART FOUR

## THE MEANING AND IMPLICATIONS OF LOCAL BARGAINING FOR BARGAINING PARTIES

The main concern in Part Three has been the development and establishment of local level bargaining as a relative permanent and/or prominent feature of a particular country's bargaining structure - especially as it has evolved within the South African context. The perceptions that bargaining parties have of one another's relative strength and power was found to be one of the crucial forces and considerations in such an analysis. However, it was also argued that once a particular bargaining structure (and level) has become established, it has significant implications for the position of the parties vis-à-vis the other parties involved. Thus, the establishment of local (or decentralised) bargaining does have ramifications for the power relationship between management and workers within establishments. This is especially so where traditionally, bargaining has been predominantly at industry or national level, as has been the case in South African industrial relations up till the 1970's. A significant break with institutionalised industry level bargaining has put extreme pressure on local managers - the latter of whom have decried the encroachment on their managerial rights, prerogatives and unitary vision of their respective establishments. Conversely, local bargaining has meant that workers have made substantial gains within the work place which implies a re-evaluation of the relationship between workers and management as well as workers and their unions.

## CHAPTER 9

### LOCAL BARGAINING: A CHALLENGE TO MANAGEMENT CONTROL, RIGHTS AND PREROGATIVES

#### 9.1 Introduction

The employment relationship has been depicted as essentially conflicting and oppositional in nature and reflecting power relations within the broader societal context. It will be argued here that although a power disparity characterises the relationship between these parties, management as agents of employer interests, by no means has uncontested and unilateral power and rights within a work organisation. Workers, through various institutionalised and non-institutionalised means, resist and oppose the power, rights and prerogatives of management. To use Storey's (1981:163) words, there is a 'dialectical relationship between managerial control and worker resistance; between managerial prerogatives and workers' rights; between sophisticated and integrated control systems and workplace shop steward organisation; between an inexorable production logic and the revolt from below'.

One way of counteracting arbitrary management decision-making is to substitute joint regulation for unilateral determination by management. In this sense, local bargaining represents an important route for counteracting unilateral management control and decision-making.

#### 9.2 Management as systems of control

##### 9.2.1 control and the exercise of power

The focus on management as a control system is justified, given that management cannot rely on voluntary compliance by

the workforce in the light of oppositional and conflicting interests. Furthermore, local bargaining as defined, essentially involves bargaining and interaction between employees or their representatives and management and not between employees and employers' associations. Management thus constitutes a critical element in local bargaining.

In recent years, there has been a substantial interest in management as a 'system of control' in that management is seen to involve technical as well as labour control functions (Hill 1983; Hyman 1980; Watson 1980; Batstone 1984; Braverman 1974 etc.). Put differently, management is seen as controlling work processes and people within industrial work organisations.

From an industrial relations point of view, the importance of management's role emerges from its focus as a system of power, authority and control. Every work organisation is ultimately a 'hierarchically structural system of social control, with management as the focal point of organizational power and decision-making' (Farnham & Pimlott 1983:141-142). This view is shared by Hyman when he states that the key feature of capitalist's management is that it constitutes an 'authoritarian hierarchy' and that workers experience this hierarchy as a 'hostile' environment (1980:306-307). The 'inescapable interface between managers and their employees is the control process' and 'workers entering organisations are exposed to control and direction' (Storey 1983:83 & 65).

For the purpose of analysis, control will be understood or interpreted as a process and, following Poole's (1975) suggestion, as an important manifestation or signifier of the exercise of power. The main dimensions of power are manifest power, latent power and the values and ideologies as principle components of the legitimation of particular power distributions. Interpretations of power in terms of its obvious manifestations in given social relationships and structures are numerous. In Poole's view, Weber's classic

definition of power as the 'probability that one actor within a social relationship will be in a position to carry out his will despite resistance, regardless of the basis on which this probability rests', is basic to interpretations of power in terms of its concrete manifestations. Examples of the latter are the distribution of income and wealth, the concentration of ownership of property and relevant for this analysis, the ability of unions (and work groups) to gain, for example, economic rewards. Latent power entails the power bases or power sources at the disposal of particular parties, Marx being the most obvious exponent of this view or interpretation in his depiction of social classes as grounded in ownership of material forces of production.

A focus on values and ideologies relates to an interest in the processes by which domination is legitimised. Not only are the values and ideologies justifying power positions relevant but equally salient are those values and ideologies leading to challenges by subordinates to the rule of dominant groups. Lumley (1983:305), in his analysis of Australian work places, quotes Armstrong et al (1981) as depicting the work place as a 'stage on which cross-currents of interests, supported by varying degrees of power, are mediated by appeals to value systems and moral perspectives and expressed in the debate between workers, their representatives and management'. This relates to the 'content' of group consciousness referred to in the discussion on the formation of work groups in the work place in the previous chapter.

The exercise of control (and therefore management control) as a process, is a manifestation of latent power usually justified in terms of particular values and ideologies. The close alignment of control to power is argued by Purcell and Earl (1977:41) as well, control 'being either the process or mechanism by which power is used to achieve certain ends or being the end product of the application of power'. In subsequent deliberations, control will refer then to 'any process through which a person or a group of persons

determines (i.e. intentionally effects) what another person or group of persons will do' (Guest & Fatchett 1974:10 quoting Tannenbaum 1966).

#### 9.2.2 the evolution of management as control systems

When reviewing the evolution of modern management, historical evidence reveals that with the development of the factory system during the 18th and 19th centuries, management responsibilities were mainly delegated to other groups, creating so-called 'systems of indirect control' (Hill 1983:17). This constituted the practice of sub-contracting. The basic principle underlying sub-contracting was the fact that owners did not necessarily employ and control their workforce directly but came to rely on systems of internal sub-contracting to manage employed labour. Both employers and managers were mainly left to attend to other matters, notably finance and marketing. Raw materials, machinery and other resources were usually provided by owners and the latter were also responsible for the selling of those commodities being produced. The presence of workers on the owner's premises did not imply that they were direct employees of the owner. They were more often 'under the control of one or more sub-contractors who hired the labour force, supervised the work process, and received a rate from the entrepreneur for the finished goods' (Gospel 1983:94). Sub-contracting took on a variety of forms and managers, as well as foremen, also undertook sub-contracting for the owner (Hill 1983:17). The system of sub-contracting enabled the entrepreneur 'to evade the exercise of direct control' thereby suggesting that the early industrial managers were not primarily interested in the 'metaphysics of direct control per se' (Storey 1983:89-90). A similar conclusion is reached by Aldridge (1976) based on research undertaken by Chandler (1964). The latter found that present day sub-contracting in industrial engineering, exhibits a double-edge in that it constitutes a means or way by which some

managements 'shuffled off their responsibilities' but at the same time could use this practice to strengthen their control and prerogatives 'by proxy' (1976:79). Management of the plant was seen to control the most important areas of planning while those areas which posed a potential threat to managerial rights, were referred or allocated to others. However, in view of subsequent developments in managerial control and structures, sub-contracting, at least as was practiced in the 18th and 19th centuries, did leave some degree of control in the hands of the workers.

Although sub-contracting constituted an important phase in the development of labour management both in America and Britain in the 18th and 19th centuries, it did not characterise all industries in for example, Britain, nor did it come to an abrupt end at the turn of the last century. It had, in Storey's words, 'remarkable persistence' and it is only during the last 100 years that the phenomenon of direct employment and direct management control has been the dominant trend (1983:88-89). Even well into the present century, sub-contracting was seen to have co-existed with the more direct methods of management albeit in various modified forms. By the end of the 19th century, the foreman, often sub-contracting himself, started to occupy an essential position. This was mainly due to the rapid spread of the factory system and the problem of 'managing' the growing workforce employed in factories. With the increase in the importance of the foreman's role, sub-contracting and related helper-systems started to decline in importance. Workers were brought under the direct control of the foreman, the latter 'almost the only level of supervision' between the worker and the employer. He had to make decisions regarding flow of work, job methods, tools and materials to be used, etc. He also controlled personnel matters i.e. the hiring, firing, supervision, monitoring and disciplining of the workforce, thereby exercising virtually all control. Persistent sub-contracting and the presence of foremen were often supplemented by other, more impersonal methods of control i.e. payment-by-result schemes. The turn

of the century represented an important watershed in the development of modern management as there was already evidence of the declining importance of the foreman. But it was after World War I that this role was substantially eroded. A whole range of factors was to contribute to this development, the most important being 'the pressure on management organisation' (Gospel 1983:99).

Increasing pressure was resulting from the growth in size of firms, technological changes with consequences for labour division and employment and ideas introduced into the work place by especially engineers. The development of 'modern' management was further enhanced with the development of devices e.g. record keeping, costing and planning (Storey 1983:90-91). Under these modified circumstances, it was to be expected that traditional systems could no longer successfully control the technical aspects of work and the workforce and it had to make way for more centralised systems of control. The functions performed by the foreman were seen as to be 'essential for the organisation of production and came to be transferred to 'centralized staff departments' (Gospel 1983:99). The foreman's position was eventually structurally accommodated within the lower levels of managerial hierarchy and was subjected to a complex body of rules and directions handed down from above (Clegg 1979). By this time, unions were already firmly established and employers were organised into employers' associations. These organisations were to perform three functions:

- 1) protection of employers' interests and managerial prerogatives thereby restricting union activities especially at the work place level and fostering bargaining at higher levels;
- 2) the establishment of relations with trade union machinery at the industry and national levels and bringing stability to industrial relations and
- 3) the development of substantive agreements on wages and working conditions.



All these functions resulted in industrial relations issues partly being effectively handled outside of the context of a particular firm or enterprise (Gospel 1983).

Regarding employers' interests and the supposed 'divorce of ownership from control', the extent to which management pursues goals differing from those of owners, has been debated within academic literature. However, there seems to be no substantive evidence that modern management is pursuing markedly different objectives from those of the traditional industrial entrepreneur who owned the means of production. As agents of employers or owners, managers are seen to protect and mediate the interests of such owners and employers (Weir 1976:324). The 'pursuit of profit remains an undiminished guiding force' (Storey 1983:77). This view is also held by Chamberlain and Kuhn (1981:86) as illustrated by the following quote:

In law and by tradition we place first among managements' obligations the protection of stockholder interests. The profit-making ability of the firms remains a primary objective, even if profit maximization can no longer be assumed to be the sole motivation and despite the lack of effective, independent stockholders' organization.

In any case, as Storey reminds us, the debate on the 'divorce of ownership from control', does not 'detract from the crucial importance of the controlling function itself' (1983:77).

Two important elements of modern management as control systems justify brief comment i.e. functional specialisation within management and the introduction of Scientific Management or Taylorism. Managers are seen to specialise in particular functions be it production, marketing, finance or personnel. The accommodation of foremen in the formal management structure and the allocation of functions previously associated with this role to personnel managers, have all been part of the process of the increasing rationalisation of the personnel function of management

(Batstone 1984:38-42 & 196-202). Decisions formerly taken by the foreman or supervisor now fall within the province of the so-called specialist. Selection, discipline and dismissals are now handled by the personnel department and the work study department decides the time in which a job or task is to be done. It also determines standards of manning and applies job-evaluation schemes to name but a few examples. The foreman, while responsible for a section's performance, has no freedom 'to choose workers to suit himself, to organize their work as he sees fit, and to offer them incentives and rewards' (Clegg 1979:157).

The American shop management movement lead to the transformation of work organisation and its control. This movement, associated with F. Taylor, involved attempts to apply scientific methods of working to industrial work processes. This resulted in job fragmentation, the dramatic reduction of skill requirements and the separation of 'conception' and 'execution' functions. All of this was seen to increase efficiency and profitability. By fixing standard times and the establishment of payment-by-results schemes, managers could exercise greater control over costs - thus establishing more efficient cost-accounting systems. The fragmentation of tasks and increased labour division created potential problems for integration and co-ordination (representing a control function in itself) and these functions were also to reside with management. The rationalisation of work organisation, through fragmentation and integration, meant that labour control was now designed into work organisation itself. Thus, Taylorism enabled management to gain effective control over labour and the labour process.

Labour division was not restricted to the tasks and jobs performed by the worker. Similarly, as Littler notes, the roles of management had to be subdivided and deskilled according to Taylorist principles and according to his view, 'Taylorism and functional organization had a historical significance in relation to "over-powerful" foremen and

internal contractors as much as to craft deskilling' (1983:53). Analysing the work of Taylor in terms of labour division or work design, the structure of control over task performance and the employment relationship as implicit minimum interaction and a low degree of employment security, he concludes that Taylorism can be defined as the 'bureaucratization of the structure of control, but not the employment relationship' (1983:62-63).

The focus on management as a control system has been greatly stimulated by the work of Braverman (1974) and the subsequent labour process debate. Braverman views Taylorism as representing a fundamental break with traditional control systems and the 'culmination and codification of pre-existing trends towards the detail division of labour' (Lever 1983b:6). For Braverman, Taylorism represented the defining feature of the capitalist labour process.

Management control however, is not uniform and exclusively shaped by Taylorist principles. Studies of modern management structures, especially in the post-Braverman era, have led to important insights regarding management's choice as to the type of control strategy being applied in work organisations. This is especially the case in contemporary capitalist societies characterised by imperfect competition. Industrial concentration, it is argued, implies that the character of economic activities are determined more by the planning of activities within firms and less so by market competition. Says Salaman, (1979:123), 'Just as organisational employees vary in type and amount of reward they receive, so they vary in the ways in which they are controlled' or, to quote Storey (1983:155), 'work control is characterised not by its uniformity but by its variety'.

Writers like Friedman (1978), Edwards (1975; 1979), Nichols (1975; 1980) and Hill (1983) have identified various control strategies all of which have been thoroughly discussed and debated elsewhere. Some of these strategies (notably those suggested by Edwards and Friedman) follow from an 'excessive

interest in control as it appears in methods and techniques as they effect the worker at the point of production' (Littler & Salaman 1982:264-265). The latter for example, points out that control of work and the workforce can be achieved away from the point of production when multi-nationals prefer to site production in countries characterised by a 'congenial' labour history and government attitudes and philosophies. A cheap and compliant labour force thus minimises the issue of control substantially. This argument links with Storey's (1983) i.e. that employees, to the extent that they can retain a degree of autonomy in negotiations, operate within the limits set by technical, economic and organisational contexts - a point explicitly made in previous chapters. Furthermore, the Japanese form of employment relations also point to the fact that control mechanisms developed by management, may also be part of this relationship itself. Employees are in a position of dependency with regard to employers and while trade unions' action can alleviate this situation up to a point, restricted possibilities of alternative employment operate as a major constraint (Lever 1983b:13).

While variability in control systems is often attributed to certain contradictions within existing control structures, it may also be attributed to resistance of workers to management control and unilateral decision-making within work organisations. Burawoy (1979:180-184) for example, argues that the variety of control strategies between and within organisations may result from management's accommodation 'as a consequence of shopfloor struggle'. Hill in effect supports this view when he states:

The experience of many firms is that existing control promote technical inefficiencies while reliance on the cash nexus creates poor industrial relations. Worker opposition to the denial of autonomy inherent in conventional work organisations and to the direction of business enterprises in the interests of outside capital is a further pressure for change. This is manifest in the variety of shopfloor resistance to existing control systems, a growing number of experiments in communal ownership and self management,

and trade union demands for changes in the work organisation and the control of firms (1983:69).

Management thus has to choose a particular strategy or even more likely, a combination of strategies in the face of worker resistance and opposition. Choices have to be interpreted within the dynamic contexts of resistance and opposition, fierceness of competition and product markets, capitalisation levels etc. These features are not static or given but all contemporary products of earlier social action (Storey 1983).

### 9.2.3 management control and worker consent

An important question following from an analysis of management as control systems, is whether workers in fact accept and submit to domination by management within work organisations. The post-Braverman debate has given important insights into this issue by examining ways in which workers' consent to their subordinate position and management's control is generated. The psychological processes through which the subordination of workers to control is partially established is the issue here. In the words of Thompson, the 'objective fact of control ultimately depends on the existence of subjective consent' (1983:152). In partially granting consent to the exercise of control, workers, to an extent, co-operate with management in tasks to be performed and goals to be achieved, thereby diminishing the potential degree of conflict of interests. Conflict and co-operation are omnipresent and inevitably co-existent in social life (Watson 1980:226). Management cannot rely on sanctions in order to secure compliance and consent by workers. Management, in fact, needs 'active' co-operation, ingenuity and initiative from workers especially when the latter possess special skills or are responsible for costly equipment and machinery in the work place. Management control based on blatant exercise of economic power of

owners, is necessarily erosive of employee co-operation (1980:311-313).

Consent to managerial control is generated at different levels predominantly through processes of legitimation in the wider societal context as well as in the work place itself. Examples are: the extent to which capitalism itself is regarded as legitimate or even inevitable; the ideologies of technocracy with its emphasis on the inevitability and so-called neutrality of modern scientific and rational technologies; the existence of cultural values and norms which legitimise property rights; the legitimation through ideologies of managerial control and functions in general as well as the character of the 'efficient' manager (Littler & Salaman 1982; Poole 1984(b) & 1986; Hill 1983; Kochan 1980).

Regarding ideologies of managerial control, Poole distinguishes between the development of the early 'entrepreneurial' ideologies and that of 'managerial' ideologies. While the former were aimed at promoting industry within a relative hostile environment comprising a political dominant aristocracy and a 'new' industrial labour force, the latter developed out of problems of control over labour. Managerial ideologies are thus viewed as to facilitate control over 'labour resources' (1986:48). The general acceptance by workers of the legitimacy of managerial authority thus underlies employer control in the work place and also reflects the dominant ideology of capitalism itself (Lumley 1983:305). Business ideology, in the words of Jenner (1984:44-45), 'seeks to sanction or legitimize the distribution of power, wealth and prestige' and may be defined as 'those ideas expressed by or on behalf of the business class with the manifest intent of creating attitudes favourable to private capitalism'.

It is also suggested that the establishment of management as a separate function within the enterprise with the divorce of ownership from control, represents a crucial first step in the exercise of control over workers. This is so because

'... once the conception of management has been accepted by workers, they have in effect abdicated from any questioning of, or resistance to many aspects of their domination. Resistance, when and if it occurs will be largely about details' (Littler & Salaman 1982:259).

In other words, the hierarchical structuring of the work organisation, the fact that the locus of control and decision-making is situated within management, capital accumulation and investments are all perceived to be accepted features of capitalist production. The whole problem of order is thus replicated at the level of the work place and some common identified normative agreement is seen as a necessary basis for stable social relationships. In the process, support for the exercise of managerial control is provided by workers (Baldamus 1961).

#### 9.2.4 the incompleteness of management control

In the discussion of management control strategies, the notion of management being challenged by workers was briefly touched upon. Control exercised by management over workers and labour processes is never quite complete for management decision-making control is subjected to two challenges: Firstly, the intervention of governments and centrally organised unions constituting the so-called 'challenge from above'. Secondly, managerial control is challenged by 'the penetration of factory-level representatives of labour into managerial decision-making and to the existence of either unilateral regulated zones for labour or, perhaps more typically, a degree of power sharing via locally based substantive and procedural rules'. This constitutes the 'challenge from below' (Poole 1986:51). Thus, the almost 'inevitable passivity' of the worker implicit in the discussion of managerial control and worker consent, is never complete. Workers, through various means and strategies, have in the past, and still do, challenge



managerial control and their own subordinate position. Employees, as active creatures, do not meekly submit to being controlled and dominated. They actively strive to 'avoid' and 'divert' control in order to maximise their own interests and continually defend or try to advance their own area of control and autonomy. Organisations, says Salaman (1979:145) are ...

characterised by constant and continuing conflict. Despite major efforts of senior executives to legitimise the activities, structure and inequalities of the organisation and to design and install "foolproof" and reliable systems of surveillance and direction, there is always some dissension, some dissatisfaction, and some effort to achieve a degree of freedom from hierarchical control - some resistance to the organisation's domination and direction.

This view is supported by Storey when he notes that '(r)éal subordination and complete formal domination are never fully established, they have always to be strived for and struggled over' (1983:125).

Resistance and challenge by workers can vary in form or nature as well as the degree or extent of militancy. Resistance, it is suggested, results from the way in which workers are controlled as perceived by them. This means that different types of demands and opposition result from different types and levels of control. Already in 1920 Goodrich, in his classic work on control in British workshops, states that workers' demand for more control may be seen as 'the demand not to be controlled disagreeably, the demand not to be controlled at all, and the demand to take a hand in controlling' of which the first 'runs through all trade union activity' (1975:37).

Salaman refers to Fox's suggestion that organisational members may respond in two distinct ways to perceptions of a divergence between their interests and the way that organisations treat them in forms of control over members. Members can withdraw by absenteeism, labour turnover, sickness rates etc. or they can actively try and change



organisations or their position and treatment within it. The latter response is usually organised efforts through trade union action e.g. formal bargaining and strikes. Salaman, however, correctly points out that there exist varieties of organised opposition and resistance in that not all group-based conflict and resistance is organised. Here he has in mind group responses 'firmly founded in informal group cultures' (1979:155-156). Thus, while formal bargaining through institutionalised union structures and disputes procedures represent a significant challenge to managerial control and prerogatives, workers may, through 'informal' group-based action and bargaining, challenge managerial control at the point of production on the shopfloor. Thus, organised resistance and struggle should not necessarily be equated with unionism. Informal organised 'counter-planning' e.g. plant-based activity, goes beyond unionism on the shopfloor and worker resistance extends well beyond the formal union structure. To a large extent, it is relatively independent of it and autonomous worker regulation at the point of production means that workers retain a measure of control and autonomy (Storey 1983:167). A similar conclusion is reached by Watson (1980:237-238) as illustrated by the following quote:

Both to improve their market position and to defend themselves, employees tend to form various coalitions of interest to present the kind of group challenge which is necessary to have any effect in the face of the greater power of the employer (the exception here being where the individual employee has unique skills or knowledge on which the employer is dependent). Thus we get, within employing organisations, trade union organisation, 'professional' group mobilisation and 'informal' office and shopfloor groupings. All of these present challenges to the managerial prerogative.

It is thus argued here that local bargaining, be it formal through unions (or alternative structures) or informal work place organisation and bargaining as well as the establishment of custom and practice, represents opposition to unilateral managerial control within a single-employer enterprise, plant or at shopfloor level. Local bargaining

represents a challenge through bargaining and interaction by workers with management. Furthermore, local bargaining will, as a form of challenge, usually centre on two main issues: the amount of material rewards available to the employee and the extent of control over employees conceded to the employer (1980:238).

### 9.3 Local bargaining and managerial rights/prerogatives

#### 9.3.1 the concept of rights and prerogatives

Challenging unilateral management control usually evokes the notion of challenging so-called management 'prerogatives' and 'rights'. For this reason it is necessary to have a closer look at these concepts as it pertains to managerial power and control. Chamberlain (1963:185) clearly makes this point when he wrote that

(e)very bit of progress the unions have made, every achievement they have won, has been realized in the face of charges that they were invading the prerogatives of others, that they were assuming authority which should be the proper preserve of some other group, generally a managerial one. Unions have become somewhat inured to this charge of invasion of others' prerogatives.

Management's unilateral regulation of work and employees has been steadily eroded over the past decades by workers despite the charges of invading managerial prerogatives. Apart from the law, the role that unions have played in this process has been substantial. The 'right' to manage has been viewed as 'those prerogatives or areas of enterprise decision-making which managements consider to be exclusively theirs alone and hence not subject to joint negotiations or collective bargaining with trade union representatives' (Farnham & Pimlott 1983:319-320). As argued by these writers, the idea of managerial prerogatives implies that there are areas of action so essential to management that

they are to remain unilaterally in the hands and control of management.

Defining managerial prerogatives is highly problematic for it may denote different things to different people. Storey, in an earlier article, suggests that the term be used 'to indicate an area of decision-making over which management believes it should have (and acts as if it does have) sole and exclusive rights of determination and upon which it strenuously resists any interference' (1976/1977:41). A precise definition of prerogatives and rights is complicated by the fact that, to the extent that workers, through formal structures and informal bargaining, constrain areas of unilateral managerial control and thereby extend the 'frontiers of joint regulation/control', the question arises as to whether there are any logical limits to the extent in which, for example unions (and work groups), can penetrate into the functions performed by management (Farnham & Pimlott 1983). The 'frontier of control' is a shifting line and is circumscribed according to particular situations and determined to a significant extent by the power relations between the relevant parties. All this makes it exceptionally difficult to give universal examples of 'the types of decisions falling solely within the pale of managerial hegemony' (Storey 1976/1977:42).

To the degree that workers, through unions or more autonomous, independent negotiations, strengthen collective bargaining and succeed in widening the scope of such bargaining, the 'frontiers of control' shift in the interests of workers. The right to manage, as Farnham and Pimlott justifiably point out, can logically concern only those residual management functions within organisations which the unions themselves (and 'autonomous' shopfloor negotiations) do not directly challenge (1983:322).

### 9.3.2 the justification of rights and prerogatives by management

Managers' attitudes to these so-called rights and prerogatives are often coloured by the following assumptions regarding modern-day industry as a 'voluntary' and 'co-operative' activity with important implications for 'prerogatives':

(1) just as workers make contributions or perform certain functions, so do shareholders and management's task is to co-ordinate all these efforts for the so-called 'common good', (2) workers 'choose' to work at particular jobs and factories and are seen to enter into 'equal', freely negotiated contracts and (3) that management's power take on the form of authority based on workers' and other parties' voluntary consent because functions performed by management are viewed as being legitimate and justified (Nichols 1980).

The question of legitimation and justification has already been touched upon but needs further exploration here. Management prerogatives are usually based on the idea of management having certain rights and functions deriving from rights attached to ownership of property. As managers participate in industry as owners or agents of owners, control over assets e.g. capital, is seen to be exclusively their domain. It can also rest on statutory law of ownership responsibility rather than on Common Law of property as in the case immediately above (Storey 1983). It is also seen to be based on the so-called 'economic efficiency' argument i.e. that it is in everyone's interest that management be left to manage 'as they see fit'. As Aldridge (1976:32) notes, managers are assumed to be engaged in the 'sedulous pursuit of maximum profit' through the most efficient organisation of production and the doctrine of 'rights' is often defended by evoking national interests. Thus, he says, any attempt by a union or unofficial work group to trespass upon managerial functions, is likely to be judged as endangering efficiency. Restrictions on managerial functions

and rights by, for example trade unions, are 'predicted to result in lower economic performance within the work organization' (Farnham & Pimlott 1983:321).

A popular argument is based on the belief that some individuals are natural 'leaders' and that they tend to perform best when they are allowed to lead. In other words, some people are seen to possess innate personality attributes which make them especially 'fit to manage'. This ideology is most often propagated by senior management. The natural 'leaders' can be expected to facilitate the efficiency of the work organisation. A further basis for the legitimisation of managerial rights is the possession of specialised skills and knowledge of management techniques of business administration. The resistance to, or struggle over, managerial prerogatives is thus a struggle for status and recognition by the new managerial elite. The elite status of this group is seen to be based less on property rights than on knowledge and skills (1983:321). The possession of skills, education and knowledge functions as an important basis for viewing modern management as a distinct professional group in modern industry and represents an element of the doctrine of 'managerial revolution' often encountered in literature. Management's 'right' to manage and the existence of 'prerogatives' are thus justified by arguments centring on issues of economic efficiency, environmental constraints and property rights or ownership responsibility.

The difficulty encountered in trying to list those decisions which are to be exclusively management's prerogative and domain and prohibit or constrain workers' efforts to penetrate, has already been pointed out. However, Farnham and Pimlott think it likely that trade union penetration of former managerial rights is likely to be the greatest in those areas most closely associated with personnel management e.g. pay, employment conditions, job security and work methods and it seems that 'only' practical and ideological considerations place limits on trade union

interests in the more technical aspects of present-day managerial functions' (1983:322).

9.3.3 does local bargaining imply a challenge to management rights and prerogatives?

Local bargaining, in all its manifestations, in fact represents a means by which workers can oppose and resist management within enterprises, plants and on the shopfloor. Especially work place bargaining (enterprise, plant, shopfloor as well as custom and practice) challenges the prerogatives and rights of management. Thus, local bargaining is not viewed here as merely supportive of the status quo or legitimating economic and political orders. Neither is it viewed as necessarily balancing the power of the bargaining parties, thereby benefiting 'good industrial relations'. Rather, is it seen to have been successful in safeguarding employees from unilateral managerial power and control under certain conditions (Burkitt 1985; Leijnse 1980). To the degree that local bargaining is seen as being successful in this, it represents a worthwhile challenge and must therefore not be discounted or deemed part of a process of 'incorporation'. The notion of 'negotiation of order' is seen by Hyman to have significance and heuristic value in this context. The term indicates 'that where activities within an organization require the cooperation of individuals and groups with divergent attitudes and interests, there is a natural tendency for understandings, agreements and rules to emerge from processes of formal and informal negotiation'. Furthermore, 'through the process of negotiation of order the "frontier of control" in each work place is set. It is a fluid and shifting frontier: the limits of management authority and employee obedience are imprecise and always open to negotiation' (1980:315). Conflict and negotiation over organisational rules, work methods, technology and procedures, says Salaman, '...characterise all organisations, for such conflict is a

"normal" and endemic organisational feature. Even the rules themselves, introduced to reduce the recalcitrance of employees, are transformed, in organisational practice, into battlegrounds of adjustment and bargaining' (1979:148).

While the above represents the main thrust of the argument presented here, cognisance is taken of certain constraints imposed on workers' ability to challenge managerial control and efforts to obtain some degree of control over their work-lives by means of local bargaining. One of the crucial constraints is the extent to which workers' consent, compliance and even co-operation is generated. Various levels at which this takes place were presented. While some mechanisms in this process operate at the point of production, consent was also seen to be generated within the wider societal context - predominantly by the ideological legitimisation of managerial prerogatives and the capitalist system itself.

Comparing 'contemporary' shopfloor movements to earlier movements, Topham (1967:154-155) claims that the former are both more powerful (in experience, extent and size) and more vulnerable since the 'real (though carefully calculated) price (in terms of money and leisure) which an advanced technology in the hands of intelligent monopoly capitalism can offer in return for control, can be used to make resistance and alternative demands appear "unreasonable" '.

All these constraints have led many observers to be quite pessimistic regarding the viability of workers' challenge in this respect. Salaman (1979) for example, argues that in the final analysis, workers are subject to threats of redundancies and dismissals in modern work organisations and thus questions the extent to which workers can really come to challenge managerial control and power. Also, Hyman (1980) reminds us that employee autonomy operates within certain technological, economic and organisational limits and will persist as long as the employer is able to realise profits. In the foreword to the 1975 edition of Goodrich's



classic work (1920), he states that work place controls operate in the context of a number of higher levels of decision-making i.e. detailed terms and conditions of employment; the structure and policies of labour force management; such other areas of managerial decision as investment programmes, product policy, financial arrangements, division of labour and job design; the character and orientation of ownership and authority in industry and finally, the basic structures and dynamics of society as a whole (xxi). These factors are bound to disrupt processes of 'negotiation of order' within the work place. Controls set by employees may thus be bypassed for example, by closing down an establishment. The ineffectiveness of worker resistance in the long run has also been argued by followers of Braverman i.e. Zimbalist (1979). His own study of the American printing industry leads him to this conclusion as he cites the inability of the craft unions to modify or halt technological developments resulting in the deskilling of work (Thompson 1983:106).

Some of these arguments follow from a particular view and interpretation of 'successful' challenges by workers to their subordination - a view that implies that success is determined or somehow measured, not by the extent to which workers gain control over their work-lives within existing industrial orders, but rather by the extent to which the capitalist system itself is being eroded or even dismantled.

#### 9.4 Local bargaining and management power, control and prerogatives in the South African context

##### 9.4.1 recognition agreements and management prerogatives

The rights of workers in South Africa have traditionally been protected by means of common law, statutory law and collective labour law. Since the 1970's, black workers have counteracted the power of employer and management parties



mainly through the conclusion of recognition, procedural and substantive agreements at the level of the factory and plant. They have in the process succeeded in steadily expanding the types and range of issues brought under joint regulation through bargaining with management.

Through recognition agreements, unions gain the right to represent all or some of the employees within a particular establishment. These agreements relate to the registration of unions, commitment to the industrial council where such agreements are in operation, support of the freedom of association, the position of works councils and other representative bodies, sole bargaining rights, degree of representation and sanctions for non-compliance (Piron 1986:43-44). Unions similarly counteract employer and management power by negotiating procedures to be followed in such matters as discipline, dismissals, grievance resolution, retrenchment, health and safety etc. Finally, they increase their power in jointly regulating with management, substantive issues - usually wages and other financial matters. Workers can now negotiate higher wage levels above minimum levels set at industry level. It was noted however, that workers have been less successful in substantially increasing wage levels within the present economic climate.

The concept of management prerogatives is often structurally incorporated into the recognition agreement by the preamble. The tenor of this clause is usually that 'management has the right to execute all the aspects of the company business as it sees fit, subject of course to any rights acquired by the union or its members by law or in terms of the recognition agreement itself' (Piron 1986:37). Thus, the rights that workers and unions have acquired are confined to those issues and rights that unions have negotiated with management. All those rights and issues not subjected to joint regulation or unilateral worker control, remain for all intent and purpose, within the domain of management's sole determination.

The main areas of traditional management prerogatives that workers have successfully penetrated since the 1970's, are those of discipline and dismissals, retrenchment and grievance settlements. The idea that certain issues or matters regarding workers and job control should be the sole concern of management, has been especially rife in the South African context, manifesting itself in the traditional unwillingness to cater for unions in the work place. Management's unitary view of their establishments has only recently been substituted by a more pluralist oriented approach and the recognition that a basic conflict of interest exists between parties.

Regarding discipline and dismissal, developments in South Africa have been following world-wide trends in that, during the early stages of industrialisation and industrial capitalism, workers experienced extreme forms of constraint imposed by management. Included were strict rules on time-keeping, maintaining job standards, regular job attendance and obeying orders of management. Discipline was harsh and rigid and viewed as the sole right of management. It was accompanied by authoritarian or paternalistic management styles. With the growth in the size of firms, discipline came to reside in the hands of the foremen and first-line supervisors who had virtually absolute powers to hire and fire employers. The sources of this disciplinary system were the 'work rules' and were regarded as expressing terms within employment contracts. Infringements of these rules could result in various sanctions being applied e.g. fines, suspension from duty or instant dismissal.

Disciplinary practices have since undergone important changes and are currently attached to written local agreements and/or full-time employees have statutory rights not to be unfairly dismissed. Of significance is the fact that unions have severely curtailed unilateral management decision-making by challenging these rights. Unions have, where recognised, gained the right to represent their

members in instances of disciplinary action. Under these conditions, 'the managerial right to discipline offending employees is no longer possible' (Farnham & Pimlott 1983:324). Presently, work rules and collective agreements constitute the formal sources of management's right to discipline. But apart from this, management's reaction to disciplinary action is also influenced by custom and practice in the work place leading management to employ preventative and corrective measures to improve discipline in the work place. The latter is seen to be more common in contemporary work places and entails a whole range of warnings and progressively more severe penalties in cases of repeated infringement of rules. This may result in a formal disciplinary procedure being developed. These disciplinary procedures comprise two elements i.e. enforcement of discipline (the administrative procedure) and allowing employees recourse to appeal against disciplinary action taken against them (appeals procedure). The latter often takes the form of the grievance procedure. While disciplinary procedures concern management complaints against employees, the grievance procedure deals with employees' complaints against the company and management.

Retrenchment involves dismissal on a collective basis associated with, or due to the economic position of the company. In the present economic climate job security and negotiating retrenchment procedures have become major concerns of unions catering mainly for unskilled and semi-skilled members. The sections usually dealt with in recognition agreements are (1) duties that the company undertakes to perform before retrenchment takes place; (2) the procedure to be followed by the company in dismissing redundant workers and (3) what the company proposes to do to alleviate the situation of those workers that are retrenched (Piron 1986). Unions negotiate with management to ensure that the minimum number of workers are retrenched resulting in a greater need for management to disclose financial information to unions. In general, union initiatives regarding the negotiation of retrenchment procedures arose

from arbitrary retrenchment procedures and 'lack of constraints on managerial prerogative' (Jaffee 1984:126).

Recent publications on the state of South African labour relations all point to the increasing importance of health and safety issues on the bargaining agenda between workers and management. There is also a trend to move from the more procedural to the more substantive aspects of this issue. In 1983, unions have initiated important steps to get health and safety agreements negotiated with management. Referring to the attitude of management, Myers and Steinberg (1984:149) note that management is especially concerned that such issues may increasingly become part of negotiation with their workers as 'past failings might then result in expensive private compensation deals'. Relevant here, is the fear that democratically elected safety representatives will exercise agreed-upon rights in the work place and 'encroach on what is seen as managerial prerogative'.

In reviewing developments during the 1984-1985 period, Leger, Maller and Myers (1986:79) report that unions have been 'consolidating health and safety activities on the shopfloor and shop stewards have won significant rights through negotiating with managements'. The National Union of Mineworkers (NUM) has taken important initiatives by confronting management with demands for recognition of safety stewards and committees and the right to negotiate health and safety (Leger 1987). In this, they have concentrated on Anglo American mines. During 1986, unions with a history of concern with these issues, have consolidated prior gains and the first two agreements in the country were signed by The Transport and General Workers Union and The South African Allied Workers Union. Certain benefits follow from these agreements e.g. binding both parties to a set of responsibilities and obligations and the principle of bargaining on such matters; establishing a more acceptable framework for relations between the parties; fixing past gains and raising the awareness of workers of health and safety issues (Macun & Myers 1987:309-310).

#### 9.4.2 the role of the Industrial Court in workers' challenge to management prerogatives

In the case of discipline and dismissal for example, management has retained wide powers. Despite the efforts to curtail this power through collective bargaining and the negotiations of agreements, management can still resort to decimating trade union membership and undercutting unions. The power of management is equally influenced by the nature of the labour process, the existence of an oversupply of labour and high rates of unemployment (Haysom 1984:113). The Industrial Court has been a crucial instrument in workers' and unions' efforts to oppose the wide decision-making powers of management. This has been widely acknowledged.

Since its introduction in 1979, the Industrial Court has catered for the power disparity between employers and employees to a significant degree. It has developed certain generally acceptable principles regarding collective bargaining and the individual employment contract. In this, says Albertyn (1984:8), the Court tries to 'bring into line those employers whose unilateral and wrongful conduct serves to promote labour unrest and industrial strife precisely because it is out of line with what is regarded as acceptable behavior by employers generally'. While civil courts have traditionally determined conflict of rights, industrial councils and other forms of collective bargaining have catered for conflict of interests and determined management powers. The Industrial Court has jurisdiction over both these concerns which, in effect, means that the discretion and rights of management is now subjected to the supervision of a legal agency positioned outside of the collective bargaining system (Haysom 1984). The means by which this is made possible is through the unfair labour practice jurisdiction. The Court is to identify unfair labour practices and remedy such practices. An unfair labour practice is essentially 'any practice that prejudices industrial peace, the welfare of job security or

opportunities of employees or the business of an employer'. The notion of the unfair labour practice has, for obvious reasons, been highly attractive to unions for it creates the potential of 'penetrating the legal wall created by management's right to rule on its own terms and the power to dismiss at will' (1984:14).

Reviewing the increased use of the Industrial Court by unions over the past few years, Benjamin (1987) outlines the main areas in which the Court has obtained rights for workers vis-à-vis employers - these being discipline, dismissal and retrenchment and the protection of strikers through reinstatement. These areas pertain to the individual employment contract and it is generally acknowledged that the Court has succeeded in being fairly consistent and coherent in its judgements and in providing relatively clear guidelines for the relevant parties. In the *Metal & Allied Workers Union v Transvaal Presses Nuts, Bolts & Rivets (Pty) Ltd* (ILJ 9 1988) for example, the Court determined that the employer's refusal to negotiate rules and regulations on discipline and health and safety with the union, constituted an unfair labour practice. In the Court's opinion, it was clear that the employer had no intention to negotiate such matters as it considered them to be management's prerogative. Thus, the Court has the potential to protect jobs and enforce collective bargaining and this has been reflected in the number of cases brought before the Court.

Regarding collective bargaining, the Court has similarly developed broad guidelines in promoting unions and collective bargaining. In developing such guidelines, it has accepted the following rights: employees have the right to join the trade union of their choice without interference by employers; employers are not to favour a particular union if trade union rivalry exists; unions representing a majority of workers are to be recognised as collective bargaining representations of such workers by employers; in cases of redundancy or retrenchment the employer must consult employees or a representative union because such action may

be detrimental to workers and their unions; employers must negotiate with the representative union in respect of changes to conditions of employment and reach an agreement; industrial action is not to be taken before disputes procedures are exhausted and lastly, elementary trade union rights are to be granted to a representative union including payment of dues by stop order, access to employer's premises to meet with members and the recognition of shop stewards as the immediate collective bargaining representatives of trade union members (Albertyn 1984:6-7).

#### 9.4.3 bargaining levels and the Industrial Court

Given that workers have succeeded in penetrating traditional areas of management prerogatives by bargaining at the local level, an important question regarding the role of the Industrial Court remains i.e. can the Court enforce a particular bargaining level on the parties to a dispute? More to the point, can the Court force employers for example, to bargain with workers at the local level in those instances where they have refused to do so? This question is important given management's traditional reluctance to accept workers' collective power and presence in the work place. As Douwes Dekker (1988a) correctly argues, the 1973 strikes did not immediately result in shifting the frame of reference of management towards accepting the existence of different interest groups in the organisation. Instead, the paternalistic attitude of management led to the offering of greater scope for social security and the establishment of management initiated and -dominated liaison committees.

It seems that the Industrial Court's decisions as to bargaining levels have been less clear and coherent although, the basic principle seemingly being upheld is that the Court cannot determine bargaining levels. The following cases illustrate the Court's attitude towards this matter, the first of which concerns Metal and Allied Workers Union v



Hart Ltd (1985) 6ILJ 478 (IC). In 1983 MAWU joined the country's largest Industrial Council i.e. the Industrial Council for the Iron, Steel, Engineering and Metallurgical Industries mainly because it felt that parties to the Council were hijacking its demands and that Council negotiations would be instrumental to its power and unity. The union subsequently pressed for plant level bargaining on wages and funeral benefit allowance which were strongly resisted by employers. The union argued that the employer's refusal to negotiate on these two issues at plant level constituted an unfair labour practice in as much as: (1) it unfairly affects weekly-paid employees; (2) it prejudices the economic welfare of the employees; (3) it has created serious labour unrest and (4) it detrimentally affects the relationship between the parties. Regarding negotiation of wages at plant level, the union's case was based on the argument that the Industrial Council bargained minimum wages while actual wages were to be bargained at the local level. In the absence of plant level bargaining, employers who were actually in a position to pay higher wages, were free to set wages unilaterally. In response to this demand, the employer argued that it would be against the best interests of both parties in the industry to introduce legal compulsion into the bargaining process, that industrial council bargaining on both issues had taken place and additional bargaining should be on a voluntary basis, without legal compulsion. It interpreted the institution of legal proceedings by the union to compel the employer to bargain as, in itself, an unfair labour practice. The employer argued that, in fact, maximum wages were established at Council level and that house agreements would become an alternative method because employers would not wish to bargain on the same issue at two separate levels. The Court found that in South Africa, employers have no duty to bargain in good faith with unions, and that bargaining should be voluntary. As to the feasibility of plant level bargaining, the Court stated that while plant bargaining should be encouraged as much as possible, negotiations should always assume a voluntary character to be effective. The Court's arguments have been

interpreted as being in the interest of employers seeing that the latter prefer voluntary bargaining, primarily because they are opposed to bargaining at plant level (Benjamin 1987:261-262).

The second case refers to United African Motor & Allied Workers Union vs S Thomson (Pty) Ltd t/a Thomson Sheet Metal Workers (1988) 9ILJ 266(IC). The union alleged that the refusal of the employer to negotiate wages and conditions of employment at plant rather at Industrial Council level, constituted an unfair labour practice. Refusal to bargain at plant level with the union was tantamount to excluding the workers from the collective bargaining process given that the union was representative of the workers but was not party to the existing Industrial Council. The employer argued that the union had refused to join the Industrial Council and therefore could not participate directly in negotiating minimum wages and employment conditions at this level. Thus the dispute did not concern a refusal to bargain but concerned the appropriate bargaining forum. Furthermore, there was in the opinion of the employer no suggestion that the wages and conditions negotiated at Council level, were unfair or exploitative of the workers. The Court ruled that the employer's stance was not contrary to accepted labour practices and principles and declined to find the employer's conduct to be one of unfair labour practice. The Court affirmed that the determination of the bargaining level was a matter that should be left to the discretion of the parties.

The last case i.e. Black Allied Workers' Union & Others v Palm Beach Hotel (1988) 9ILJ 1016(IC), also sheds some light on this particular issue. While the employer belonged to the Industrial Council, BAWU, an unregistered union, was not a party to the existing Council although it had sought to represent its members in wage negotiations at Council level. The union proposed bargaining at local level while the employer argued that it had already negotiated at Council level. The workers were dismissed by the employer after

calling an illegal strike which they thought to have been legal. The Court determined that while the strike was in fact illegal, it had to assist illegal strikers where the employees believed that they were engaging in a legal strike. The Court also found no fault with the desire to negotiate actual wages with individual employers even where an Industrial Council agreement makes provision for minimum wages. Minimum wages are not intended to reflect what a fair wage is as between a particular employer and his employees.

The Court subsequently ruled in favour of the reinstatement of the workers as well as negotiations at local level. The Court upheld the principle that it could not enforce bargaining or bargaining levels. It had the duty however, to protect workers from the consequences of a wrongful dismissal. In this particular case, the Court had in effect determined the bargaining level although in an indirect manner.

## 9.5 Conclusion

In terms of the arguments put forward in this chapter, local bargaining has been shown to be a crucial way in which workers can penetrate traditional areas of management rights and prerogatives i.e. areas mainly concerned with personnel management. This has been predominantly the case with black industrial workers in the South African labour context. The role of the Industrial Court in the process of eroding management rights has been argued as well. In the light of the new Labour Relations Amendment Act, the future role of the Court in aiding workers and their unions in this process, is presently seriously questioned and debated within certain quarters. In Chapter 7, it was suggested that the amended Act has in effect shifted the power balance in favour of employers - especially in its more restricted definition of the unfair labour practice. This has seemingly manifested itself in the trend of employers increasingly

making use of the Court while unions are seen to be finding ways of not using the Court. The call for not using the Court has been explicitly stated by COSATU in March (Financial Mail 29:9:1989). The increasing use of outside arbitration and mediation by unions have duly manifested itself. The Court is thus interpreted as being faced with a crisis of legitimation on the part of black unions within a context of the absence of black political rights. Union federations COSATU and NACTU as well as employer organisation Saccola (South African Coordinating Committee on Labour Affairs), have subsequently also called boycotts and the overtime ban. The Minister of Manpower has responded by inviting interested parties to make submissions to the National Manpower Commission about the Labour Relations Amendment Act. The Minister foresees the Act being 'modernised' and 'simplified' rather than scrapped (Sunday Times 22:10:1989). Unions are thus being successful in using their industrial and social power to counter labour legislation.

## CHAPTER 10

### LOCAL BARGAINING: WORKER PARTICIPATION AND INDUSTRIAL DEMOCRACY

#### 10.1 Introduction

If the arguments set out in Chapter 9 are accepted i.e. that bargaining conducted between management and workers within a work organisation represents an important challenge to management control and prerogatives, then it logically follows that such bargaining has important implications for the position of workers within those organisations or establishments in which bargaining is conducted.

It is suggested here that local bargaining represents a means by which workers come to participate in management decision-making and, contrary to generally held views, represents a form of industrial democracy. Bargaining between management and workers, or their representatives has, by the same token, implications for worker organisations notably, unions. The manner in which bargaining is conducted, and especially the relative power of the worker representatives, means that the role and structure of unions must be reassessed.

#### 10.2 Local bargaining as worker participation in management?

##### 10.2.1 the concept of worker participation

Proponents of worker participation have based their case primarily on a widespread commitment in industrial societies to democratic ideals grounded in certain fundamental values commonly held and sanctioned (Poole 1975:3). As pointed out

by Rosenstein (1977), the idea is widespread today in many countries even if they differ in terms of degree of economic development. Some observers view it as not to have evolved out of the 'humanization of capitalism' but as appearing cyclically, corresponding to periods when management authority is felt to be challenged by workers and as a means of attempting to secure labour's compliance (Ramsay 1977). Those propagating the extension of worker participation in management, view it as desirable for the following reasons: it constitutes a means of promoting the satisfaction and personal development of the individual worker; that through participation workers would have a greater say in decision-making processes thereby extending industrial democracy as a means of improving industrial relations and a means of increasing efficiency (Farnham & Pimlott 422:423).

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Referring to the concept of industrial democracy, Hirsztowicz writes... 'The variety of interests and expectations surrounding the practice of industrial democracy accounts for the confusion about the concept itself' (1981:235). This could very well apply to the concept of participation. Thus participation means 'all things to all people'. For some trade unionists, it implies the possibility of greater control over the running of industry, for others, the incorporation into management systems that will render an effective opposition impotent, and for yet others, a chance to be informed by policy changes'. For managers or employers 'it tends to be related to efficiency' (Marchington & Loveridge 1979:174). It must be noted however, that these authors usually exclude collective bargaining in their discussion of participation.

Various attempts at defining workers' participation in a precise and generally acceptable way have been made - not always with a great amount of success. An overview of such efforts is given by Marchington (1980:9-10) by classifying definitions according to their central concept. Some definitions focus on 'taking part' or 'having a share' in making decisions while other focus on the 'influence' that

the relevant parties have on one another. The main shortcomings of these definitions have been the problem of quantification and the 'direction' in which, for example, influence is exercised. More successful have been those attempts at defining participation in terms of control (Tannenbaum 1966, Poole 1975, Guest & Fatchett 1974). Control is here understood, in terms of Tannenbaum's definition presented earlier in this chapter, as denoting 'any process through which a person or a group of persons determines (i.e. intentionally effects) what another person or group of persons will do'. Defining participation in terms of control is particularly useful in any attempt to study worker participation in an objective way (Farnham & Pimlott 1983).

While Poole defines it as a 'means of obtaining greater control by workers over several aspects of their working lives and in so doing augmenting their power vis-à-vis that of management' (1975:24), the definition proposed by Farnham and Pimlott (1983) will be accepted here. Thus, participation will be viewed as referring to those processes by which subordinates are able to display a countervailing and upward exertion of control. 'Subordinates' is here defined as 'those who do not have recognized authority in any particular relationship'. The nature of the relationship thus determines the potential participant (Guest & Fatchett 1974:12).

Not only is participation a manifestation of power but it is the right to share power with management through joint decision-making. By becoming involved in one or more aspects of organisational decision-making within the enterprise, 'employees inevitably claim the right to share the power to make decisions with management in their work organization' (Farnham & Pimlott 1983:421-422). Participation defined in terms of control thus includes a whole spectrum of potential workers' power ranging from information-sharing to workers' control or workers' determination although the extent to



which information-sharing denotes participation, is seriously questioned.

#### 10.2.2 classifying types of participation

It is more helpful to classify types of participation in terms of certain key variables (Poole 1975, Marchington 1980, Guest & Fatchett 1974) of which the scheme proposed by the latter writers seems to be the most useful. Their classification is based on the following variables:

1. form of participation: a distinction is made between direct and indirect forms. In direct participation, each worker can take decisions and exert control; with indirect participation, this is done on the worker's behalf by a representative
2. content/level of participation: participation can be concerned with ownership and government of the enterprise. It can generally focus upon either legislative decisions concerning terms and employment conditions or legislative decisions relating to day-to-day running of the enterprise and
3. purpose of participation: this relates to a distinction drawn between those who adopt a distributive or an integrative orientation. The former views conflict as inevitable and demands for a more even distribution of power between management and worker. The latter minimises the significance of conflict and participation is seen as a means to increase job satisfaction and productivity.

Regarding forms of participation, important differences exist between direct and indirect participation. Direct participation is essentially described as being task-based with its focus on the individual worker or work group, and on decisions affecting the worker's immediate job task. This takes place in the case of job enlargement and job enrichment as well as in the introduction of semi-autonomous work groups. Indirect forms of participation is seen to be power-based and 'its main methods are more collective bargaining and more representative machinery in industry' (Farnham & Pimlott 1983:425) and is by its very nature

representative. It is seen to include all those methods of participation through which employee representatives influence organisational decision-making, usually at its intermediate or highest levels, on behalf of the workers concerned. While Farnham and Pimlott suggest that shop steward representation, joint shop steward committees, collective bargaining, joint consultation, works councils of the European type and representation on boards of directors be classified as indirect participation forms, Poole (1975) furthermore suggests classifying indirect participation in terms of whether it is management initiated, worker initiated or initiated by governments and the law.

In terms of the distinctions made in the foregoing paragraphs, local bargaining is defined as one form of indirect worker participation. It is viewed as power-based and is more legislative in nature as well as distributive in intent in that it functions to protect workers' collective interests through representation at single enterprise and work place level. Its aim is to protect these interests by affecting managerial decisions and prerogatives by the exertion of control through joint negotiations and decision-making. By sharing decision-making power with management, the unilateral prerogatives and rights of managers are challenged. Bargaining is conducted over pay, conditions of employment and all those aspects that affect employers in general (Farnham & Pimlott 1983:425-426). The view of collective bargaining - and thus local bargaining - as a form of indirect worker participation, is not accepted by all commentators for example Marchington (1980), Hyman (1975) and Bendix (1981). They differentiate between collective bargaining and other forms of participation on various grounds although predominantly along the integrative/distributive distinction or who initiates participation. Bendix (1981:36) argues that trade unions and workers' committees (councils) are distinctly different institutions with separate operational bases and functionality. In his words,

(t)he trade union-employer relationship is a power relationship expressing itself in the collective bargaining process. It is based on the institutionalisation of conflicting interests. The power of a trade union in this relationship stems from its degree of organisation, that is its members who have fully associated for the same purpose of forming a power basis for negotiating terms of employment.

In contrast to the power relationship between trade unions and employers aiming at the equalisation of conflicting interests, the workers' committee/council-employer relationship is one based on law. Its purpose is not to grant the right to negotiate, but the realisation of rights created and already granted by the law.

Furthermore ...

the duty to maintain industrial peace has been imposed on this relationship since any dispute arising from it stems necessarily from different interpretations of rights stipulated in and granted by the law which has to be referred to a court of law in the last instance.

... employee representative bodies formed on the grounds of universal rights enshrined in legislation do not comply with the principles of the freedom of association and thus do not qualify for collective bargaining and industrial action in the conventional sense.

That workers councils in Germany for example, occupy a central position as to bargaining and negotiating at plant level has been argued in Chapters 3 and 4. Of relevance is that they indeed do negotiate with management at local level illustrating that bargaining can be conducted through representative bodies other than trade unions. In the process, councils challenge managerial rights and through joint negotiations and decision-making, in fact participate in management, irrespective of whether rights to bargaining are granted by law or not. Whether local bargaining (including more autonomous and informal negotiations and interactions) is interpreted as a form of worker participation, is clearly a function of the criteria being applied.

### 10.3 Local bargaining as a form or industrial democracy?

#### 10.3.1 the concept of industrial democracy

As in the case of worker participation, vagueness characterises the concept of industrial democracy. From trade unionists' side, there exist two conceptions or interpretations of participation (Farnham & Pimlott 1983). The first conception is proposed by those unionists who have as their aim the replacement of the existing industrial order and giving workers complete control over industry. This view constitutes so-called workers' control. The second view is advocated by those who aim to seek greater control for workers over their jobs and work lives within the existing system representing so-called industrial democracy. Acknowledging that the term industrial democracy denotes different meanings and usages, Farnham and Pimlott (1983:432) argue that essentially 'it can be applied to any theory or scheme of worker participation so long as it is based on a genuine concern for the rights of workers in industry, particularly their right to share in the control of industrial decisions'. Achieving a greater degree of industrial democracy thus means 'the achievement by workpeople collectively of a greater control over their work situation'. This interpretation of industrial democracy is supported by Abell (1985:50) when he defines this concept as 'participation in control and management' as distinct from economic democracy defined as 'participation in ownership'.

In so far as local bargaining was depicted as participation in management control and decision-making, it follows that it implies a form of industrial democracy in terms of the above. The TUC (Trade Union Congress) in Britain for example, propagates the strengthening of trade union organisation in industry and the widening of the scope of collective bargaining as the principal means by which

workers can extend their collective control over their day-to-day working lives (Farnham & Pimlott 1983:432-433).

Local bargaining in its different manifestations is exceptionally well suited for the attainment of the latter objective, especially given the fact that it usually extends the range and scope of issues over which bargaining is conducted within the work place (Guest & Fatchett 1974:44).

Attaining or extending collective control within the work place, clearly does not necessarily imply full 'worker control'. In other words, whether local bargaining is interpreted as an end in itself or a means to full worker control (participation in ownership), depends in the final analysis, on ideological considerations. Furthermore, in referring to the contemporary relevance of Goodrich's work, Hyman (1975:viii) argues that the boundary between worker control (understood to be typically reactive or protective in intent and a means to defend specific interests at the time) as a 'means and as an end is by no means inflexible: actions and strategies which are primarily defensive may spill over into demands for positive control over the direction of industry an objective then, as now, professed by only a tiny minority of workers'

#### 10.4 Local bargaining and unions

In Chapter 4, it was suggested that local bargaining does not necessarily imply or require a strong union presence in the plant or enterprise. Agreements can be concluded through alternative structures e.g. works councils - especially in the absence of strong unions. When unions do succeed in establishing themselves at the local level, chances of alternative bargaining structures developing are somewhat remote e.g. in the British, American and Japanese cases. Unions, in order to maintain their position, must resonate the needs and interests of the members they represent. This highlights the significance of upholding democratic

principles in the structuring and functioning of unions and shop steward committees. If unions should fail in this, worker representatives may gain independent powers to negotiate in a relative autonomous way. In such instances, or, where powerful work groups engage in informal shopfloor bargaining, unions and their officials are presented with a challenge from such members.

Referring to American fractional bargaining, Kuhn (1961) cautions us to the challenge that such bargaining presents to unions and their officials. This is similarly recognised by Roberts and Rothwell (1972:547) in the British context when they note that '...strikes called by the stewards in support of their demands were directed as much against their union leaders as against their employers'. The union, says Kuhn (1961:127),

... seeks to organise the workers' discontent and to direct it through the union's own channels of activity. If workers act on their own in the shop, ignoring the promise given management by union leaders to settle shop grievances peacefully and choosing shop leaders to direct their negotiations and tactics, unions are put in a difficult position.

The presence of work place organisation and shop stewards have led to the development of a power centre within, though not necessarily of, the local union. It is thus on the internal power relations within trade unionism that work place organisation impinges (Hyman 1975:159). This relative independence and autonomous source of power relates to problems of internal democracy characterising most large trade union organisations. Ordinary members often perceive the union and its officials as far removed from day-to-day experiences in the work situation. Inputs by members toward union politics and official decisions are often non-existent, constituting the disjunction between general and local representation referred to in Chapter 4. Representation issues are often exacerbated by sectionalism in the work place and result in more complicated shop steward organisation, for example in Britain. Of course,

this could, as was shown, foster management's preference for formalising bargaining in terms of formal plant and enterprise agreements. It is often the interests of the weaker workers that are at stake in the case of informal shopfloor bargaining. While their interests may be adequately represented by unions as far as wages and working conditions are concerned, representation on specific issues may be 'intolerable' (Kuhn 1961:187-188).

A general concern has developed over the so-called 'increasing bureaucratisation' of unions. The main reasons for this are the growing size of unions and consequently growing administrative apparatus; increasing complexity of functions; the weight of centralised decision-making; pressures from state officials to deal with competent and organised union apparatus and of course, oligarchic tendencies as suggested by Michels (1959). All of the above point to potential apathy on the part of ordinary union members. In Hill's (1983) opinion, this somewhat pessimistic view of union democracy, or rather the lack thereof, could be an exaggeration for the displacement of members' goals is not inevitable. Turner's (1962) classification of union administrations based on the relationship between full-time officials, lay activists i.e. shop stewards and normal rank-and-file members, leads him to differentiate between exclusive democracies (few officials and high membership participation); aristocracies (one occupational group having more participation than others) and popular bossdoms (large unions where members' participation is very low and officials control the union).

The above classification suggests that unions differ to the extent that they function 'democratically' depending on the nature of the members' occupations. With the aim of constructing a theory of union democracy, Martin (1986) defines democracy in terms of the status of opposition. Union democracy exists, he says, when union executives tolerate organised opposition by factions. He proceeds to identify constraints upon leaders to tolerate faction



assuming that the existence of any opposition limits the range of options open to such leaders. A theory of union democracy thus entails a classification and integration of such constraints. While admitting to the wideness of the range of constraints and the variability of their relative importance for different unions and even officials, he identifies twelve categories of constraints. These include, inter alia, government attitudes and behaviour, political culture, patterns of membership distribution, the industrial environment (which includes the attitude of employers), the economic environment, technological factors, membership characteristics and so on.

Thus, one has to support Maree (1982:45) when he concludes that tendencies towards democracy and oligarchy are both present in trade unions. The relationship between tendencies towards one or the other 'unfolds in a historical context'. Neither oligarchy nor democracy establishes a permanent or decisive hegemony although either can dominate for a considerable time, depending on the forces either external or internal to the unions. However, even if, as Hill suggests, unions cannot coerce its members or exercise power over them because power ultimately resides at the bottom rather than the top of the union, the representation of members' interests in large, open and general unions remains a potential and serious problem.

It is within this context that informal bargaining between workers and management (foremen) and the presence of powerful work place representatives can play a crucial role in representing ordinary members' interests. In other words, the establishment of independent work place organisation and informal bargaining activities, constitute a significant counterbalance to the bureaucratic tendencies of formal union structures. This has been especially the case in Britain and to a lesser degree, in America. In the case of the latter, 'day by day the workers participate little in union affairs, except through the grievance process' and fractional bargaining allows group members to 'assert their

demands', 'secure management recognition of their claims' and 'gain a real measure of control over their conditions of work' (Kuhn 1961:184-185).

The reaction of official unions to independent informal bargaining in these two countries is significant. In Britain, as noted, the formalisation of domestic industrial relations has led to unions formally incorporating shop stewards into their respective official hierarchies. Local bargaining was 'officially' handed to these representatives thereby recognising the credibility of shop floor bargaining and members' interests. The formalisation of informal practices has however not, as previously noted, led to the total disappearance thereof mainly due to the 'inevitability of informality'. Despite their formal incorporation, shop stewards have remained relatively independent due to the fact that they remain workers regardless of fulfilling union related functions. Shop stewards can be voted out and this threat of being disposed of, often leads to a strong commitment to the ordinary members. Pressure from unions can thus be defied to a significant extent.

Batstone et al (1977) has found that shop stewards have considerable freedom to define their role and in this, their relative independence of unions are enforced as well as their potential participation in 'informality'. We are, however, reminded by Storey (1976/1977:45) that excessive attention to the challenge from below as being independent and autonomous from unions, is dangerous and biased. Much of shopfloor action and bargaining owes a debt to trade unionism for the 'whole exercise of workplace power is made the securer because of the trade union culture and environment in which it occurs'.

In the American case, shop stewards have always been part of the official union structure. The challenge of fractional bargaining to local and national unions entails keeping strong work groups sensitive to the needs of all workers while at the same time satisfying the claims of the stronger

group. Those members belonging to the weaker groups, are thus helped to maintain the rights and terms of collective agreements and to at least participate in some of the decisions influencing their work lives.

In the final analysis, the existence and stability of the union remains threatened in that unions are often reluctant to give the necessary recognition to work groups as a legitimate agent of the union. This may result in groups resorting to overt action in order to receive recognition and acceptance. As Kuhn (1961) notes, unions in the American case must give credit to fractional bargaining through the grievance process because it remains a meaningful way for workers to establish some control over their work and employment conditions.

Both the British and American cases illustrate the significance of the recognition by unions of more independent work place organisation and bargaining (Clegg 1979). The acceptance and recognition thereof not only fosters union stability but it also ensures the representation of the interests of the ordinary workers on the shopfloor and ensures some measure of control in opposition to management control and rights i.e. industrial democracy. Also, management and unions must accept and recognise the inevitability of informality, despite the encroachment it may signify on these structures' autonomy.

#### 10.5      local bargaining as indirect worker participation and a form of industrial democracy in South Africa

In terms of the arguments presented in Chapter 9 and par.10.2 above, the negotiation and conclusion of recognition, procedural and substantive agreements since the 1970's, have given black workers in South Africa a significant share in management decision-making by challenging management's unilateral prerogatives and rights.

In other words, these agreements provide for workers a form of indirect worker participation based on conflictual orientations. It similarly presents a means by which workers can attain the right to share in or gain control over their work lives. In this, it represents a form of industrial democracy as defined in par. 10.3 above i.e., it sets limits or mitigates decision-making capabilities of management, reduces management control and circumscribes managerial power within existing industrial orders.

Management control, it has been suggested, encompasses control over mainly two broad areas within organisations i.e. control over the workforce and employment conditions and secondly, control over work processes. By concluding agreements at local level, black workers have mainly come to indirectly participate in management's control over the former area. Webster's (1986) study of the changing form of job control in seven companies selected from different industrial sectors, presents informative material on black workers' gains in this area. Following Edwards (1979), he distinguishes between three elements of job control i.e. mechanisms by which employers direct tasks; procedures whereby they supervise and evaluate performance in production and the apparatus of discipline and reward. He then, by means of questionnaires and interviews, examines 'the extent to which black workers are able to influence the way management exercises control over black labour in the workplace' (1986:4). Commenting on the post-Wiehahn period, he argues that most black workers joined unions in order to defend their rights against management's arbitrary and unfair treatment. This they have accomplished, he says, by gaining the right to organise within establishments, limit management's power to dismiss workers during a strike and challenge management's right to dismiss or retrench. In Webster's view, workers had the greatest success in encroaching upon management's right to unilaterally dismiss - a point argued in Chapter 9 as well. In the remaining two areas i.e. direction of tasks and the supervision and evaluation of performance in production, relatively little

success has been forthcoming. In the textile case-study shop stewards have had some success in allocating overtime and manning levels indirectly through challenging retrenchment proposals by managements.

Webster's study confirms that workers' challenge of management control is largely defensive in nature and often, as Salaman concludes, 'apparently concerned with conditions and rewards rather than control and structure..' due to union representatives'.. 'exposure to ideological, political and organisational pressures'(1979:156-157). Nevertheless, in so far as local bargaining is successful in setting limits to, or mitigating decision-making capabilities of management, it reduces management control and circumscribes management power within the existing industrial context. In the words of Storey, 'authority is divisible'. (1976/1977:54).

Local bargaining by means of recognition and other agreements negotiated and concluded, has its origin and roots in strong union presence through democratically elected shop stewards and structures within the work place. This strategy follows predominantly from being traditionally excluded from centralised statutory bargaining structures. For this reason, one can expect oligarchic and bureaucratic tendencies to be less of an obstacle to unions in resonating the needs and interests of workers as would have been the case with more centralised bargaining. The power of the black unions is located at the work place and their potential growth is dependent on democratically accommodating ordinary members' needs. To the extent that this is in fact so - unions obviously differ in the extent to which they uphold these principles - the probability of shop stewards developing autonomous powers comparable with their British counterparts, is diminished.

It has been noted in an earlier chapter that there are some indications of a move towards more centralised wage bargaining within the present economic dispensation. Another

reason was suggested in accounting for this trend i.e. insufficient resources for effective negotiations by union officials at those plants where they are represented. This may have significant consequences for the relationship between workers (and their shop stewards) in the work place and the officialdom of the unions in that it may prove to be detrimental to the internal democratic functioning of the union. There have been reports of union members not complying with the wishes of the union leaders. (Rapport 30.7.1989), indicating a possible disjunction between union officialdom and ordinary members. During the stayaway organised by COSATU (Congress of South African Trade Unions) during June 1988, mine workers' almost unanimous refusal to adhere to the call of COSATU and NUM (National Union of Mineworkers), illustrates the point. During 1988, members of Sarhwi (S A Railway and Harbours Workers' Union) in the Transvaal refused to partake in a sympathy strike after union leaders had requested this. Numsa (National Union of Metalworkers' of SA) also experienced defiance by its members when the latter, opposing the union, insisted on the repayments of cash benefits by employers. Regarding Esop (Employee share-ownership plans), 64% of NUM's members took up Anglo American's offer against the wishes of the union officials.

To conclude the arguments presented in this section as to the implications of local bargaining for management and workers, local bargaining has been presented as:

- (1) a challenge to unilateral management rights and prerogatives within establishments,
- (2) a form of indirect worker participation in management by sharing managerial decision-making through the process of joint regulation and rule-making and
- (3) a form of industrial democracy in that it presents workers a degree of control over their jobs and work lives within the existing industrial order.

Interpreting and presenting local bargaining in these terms means that essentially, local bargaining is interpreted as

simultaneously constituting the marketing, governmental and management/industrial relations concepts as suggested by Chamberlain and Kuhn and outlined in Chapter 2.

## 10.6 Conclusion

An evaluation of the exact extent to which black workers have penetrated management's domain and gained control over their work lives in the process, requires more extensive empirical research. The research undertaken by Storey (1981) in Britain provides valuable material for such an endeavour. Referring to previous studies which have focussed mainly on either the average shop steward's activity in the work place ('range of duties') or management's response to workers' participation in decision-making, he proceeds to 'probe the range and type of issues which are subjected to workplace bargaining' over a period of seven years (1981:128). Conventional bargaining issues e.g. wages were excluded and only marginal items found to be areas of contention, were included as well as a range of decision-making areas commonly assumed to remain within the realm of managerial prerogative. This resulted in a 25-item list of issues.

This study enabled Storey to assess:

- (1) the trend in the range of work place bargaining between 1971 and 1978,
- (2) the types of issues negotiated or retained for unilateral control by either side and
- (3) to draw comparisons between industries.

Results showed that despite an unfavourable economic climate, the scope of bargaining on non-wage areas had in fact widened. The survey also revealed that the most frequently negotiated areas were shifts, manning, overtime, job content, discipline and speed of work. Thus, issues related to jobs were of most concern to workers and stewards



at the work place. The areas least negotiated were type and price of product and service and ownership. Areas unilaterally controlled by workers concerned manning, demarcation and less frequently, speed of work. Comparing different industries i.e. engineering, transport, brewing, production of man-made fibres and spinning and weaving, he is able to determine the percentage of respondents from each industry negotiating 11 or more of the 25 items. Industries were also compared overall as regards to the following areas: joint regulation, joint consultation, unilateral control by management and unilateral control by workers or subject to custom and practice.

Storey's research clearly functions as a warning against uncritical generalisations regarding the relative 'success' or 'failure' that particularly black workers in South African industrial relations have had in matters such as participation, control and penetrating the areas of management prerogatives through local bargaining. For this very reason, the case study by Webster has been valuable and timely in providing material for future research into this area.

## CONCLUSION

In terms of the definition presented, local bargaining has been shown to encompass formal as well as informal negotiations between employers/management and employees/labour within an enterprise, plant or at shopfloor level. Such negotiations usually result in formal agreements as well as informal and tacit agreements and understandings. Local bargaining was interpreted as essentially a rule-making process involving control over work relations.

Local bargaining was shown to be the predominant bargaining level in a number of countries e.g. the United States of America and Japan. In some countries notably Britain and West Germany, local bargaining, while not the predominant level at which bargaining takes place, occupies a significant position within existing bargaining arrangements. The bargaining structure of a country tends to be relatively stable. However, in a number of Western European countries - traditionally noted for their highly centralised bargaining structures - local bargaining is gaining increasing prominence.

Various structures through which local bargaining takes place, have been identified in different countries' bargaining arrangements, ranging from shop steward structures to various forms of committee and council systems as well as worker representatives on the shopfloor. While not identical, these structures all function as mechanisms through which management and workers can bargain and negotiate with one another in the work place.

The South African bargaining structure has traditionally been highly centralised - bargaining being conducted through the industrial council system by so-called established, mainly white, unions and employers' associations. Given the institutionalised nature of industry level bargaining and

the privileged position occupied by white workers within a racially stratified society and labour market, there was no need for these unions to be active in the work place. While managers determined wages unilaterally - usually above levels set at industrial council level - individual artisans engaged in wage bargaining given their highly specialised skills. This practice, however, was by no means the norm.

Prior to 1979, some black unions existed but did not receive legal recognition and were therefore not entitled to bargain at industrial council level. In the absence of rights to collective bargaining for blacks, the government devised different structures and mechanisms in order to structure work place relations between black workers and management at the establishment level. While these structures were initially and, in essence, consultative in nature, they did eventually obtain bargaining rights during the 1970's. The development and establishment of these structures were mainly a result of government policies and labour legislation aimed at keeping black unions out of the work place. These policies and legislation were fundamentally grounded in the socio-economic and cultural history of South Africa.

During the 1970's, black workers came to devise their own mechanisms and work place structures in order to establish union presence and engage in bargaining with management i.e. through negotiating recognition and other plant-based agreements. The work place presented black industrial workers with a foothold for building powerful black unions. While the exclusion of black workers from statutory bargaining arrangements made this option the most viable one, the ability to establish local bargaining was primarily a result of black workers' changing status and power within the South African economic structure.

The extension of local bargaining by government through the establishment of multi-racial works councils after 1979 has, for the first time, provided white workers formal channels

for bargaining in the work place. Given their statutory nature and historical link with previously management-dominated work place structures, these councils do not represent viable bargaining structures for black workers in establishments in which unions function. In most cases, unions tend to hijack these councils.

The development and extension of local bargaining in South African industrial relations - primarily through recognition and other agreements - has contributed to the fact that collective bargaining in South Africa is increasingly conforming to those features characterising collective bargaining in industrialised countries elsewhere. These features have been identified by Córdova (1978) and presented in Part Two i.e. (1) the enduring nature, adaptability and strength of collective bargaining, (2) the development of new and more sophisticated forms of bargaining, (3) an increase in bargaining levels, (4) the gradual development of a set of ground rules and procedures, (5) changes regarding the content of agreements e.g. from wage and effort bargaining to that of work organisation, welfare arrangements, health and safety as well as other traditional management areas and (6) changes regarding the conduct of collective bargaining under conditions of recession and inflation resulting in potentially greater intervention by government. The increasing focus on work place bargaining in South Africa has resulted, as in Britain, in collective bargaining becoming 'a more complex activity in terms of the roles of the two parties, of its structural characteristics and of its relationship to other forms of representation and the evolving pattern of collective and individual legal regulation' (Roberts 1987 commenting on collective bargaining in Britain).

But, the nature and development of local bargaining has also contributed to the uniqueness of South African industrial relations and bargaining arrangements. Firstly, local bargaining has always been reserved for a particular section of the workforce i.e. black industrial workers. Secondly,

the non-participation of blacks in central political decision-making processes (and thus of political representation to secure their political and economic interests) within South Africa, has meant that the black union movement has acquired broader political aims and become part of the black liberation movement. These broader aims have strengthened the position of black unions within the work place relative to, not only white unions, but also unions in work places elsewhere. In a very real sense, the work place has for black workers become the main (if not only) avenue through which, not only economic aspirations are channelled, but also those issues traditionally accommodated by political structures. It is perhaps in the influence of the above two factors that the distinctive nature of South African local bargaining may be located.

The distinctive nature of local bargaining has had, and still has, significant implications for management in that the latter is confronted with work place relations and bargaining activities involving much wider societal and political issues. Through local bargaining and the extension of bargaining areas, management may increasingly experience pressure to act as an ally of black workers against government policy and legislation - thereby securing the economic and political interests of such workers. The future political role of black unions in South Africa is, however, only to be surmised at this stage. Should these unions come to play an essentially political role, and possibly function as an extension of a future government, one can expect their more traditional trade union role to eventually disappear.

Regarding future trends in collective bargaining and the role of local bargaining, it was argued that wage bargaining is becoming increasingly centralised in the light of present economic realities. But, even if this was to happen, one can predict with a fair amount of certainty that the bargaining structure will never again resort back to that of the pre-1970's era with bargaining almost exclusively conducted at the industrial council level. Local bargaining can be

expected to remain an institutionalised feature of future bargaining arrangements in the South African industrial relation system. A wide range of issues may be expected to remain within the orbit of local bargaining. The range may even in future be extended by local bargaining (i.e. joint regulation involving aspects of control by workers) to include issues in the areas of, following Webster (1986), direction of tasks and the supervision and evaluation of performance in production. As Storey's research into British work place industrial relations illustrates, issues may possibly come to include the following: speed of work, lay out of equipment, shifts, rest periods, contracting work out, job content, type and price of product, scheduling of operations, purchase of plants and materials, transfer of employees, promotions, demarcation and possibly, investment policy.

The simultaneous existence of centralised and company bargaining in many sectors reported on by recent research undertaken into collective bargaining levels in the Eastern Cape (Anstey 1989), illustrates the likely future development of a two-tier bargaining system in South African industrial relations.

The analysis of local bargaining, especially in the South African industrial relations context, has at various moments been hampered by the insufficiency of available empirical information. This can be seen as to indicate possible areas for future research. Suggested areas that need to be explored more extensively, are the following:

- (1) The relationship between management/employer attitude towards local bargaining within different industrial sectors and the following variables: changing production and labour market conditions, labour /technology ratio and the degree of worker militancy within an establishment.

- (2) The nature, extent and role of informal shopfloor bargaining; the relationship between management's attitude and degree of tolerance of such bargaining and variables such as: the power of work groups and shopfloor representatives, the nature of management structures and control systems, the nature of payment systems; the role of the foreman and middle management and their participation in informal shopfloor bargaining with workers; the type of issues involved in informal bargaining.
- (3) The generation of custom and practice rules within work places.
- (4) The penetration by workers of areas of management prerogatives i.e. type and range of issues being bargained over in the work place over a specific period of time within different industrial settings.
- (5) The role of the shop steward in local bargaining.
- (6) Following Clegg's suggestion, the relationship between various elements or dimensions of South Africa's bargaining structure and the manner in which these elements relate to various aspects of union behaviour. The latter aspects refer to union density, union structure, union government, work place organisation and collective action, for example, strikes.



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